RNS Number : 6261Y
Drax Group PLC
27 February 2025

27 February 2025

DRAX GROUP PLC (Symbol: DRX)

FULL YEAR RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2024

Strong operational and financial performance, increasing visibility on long-term outlook

Twelve months ended 31 December	**2024**	**2023**
Key financial performance measures		
Adjusted EBITDA[1/2/3] (£ million)	1,064	1,009
Net debt[4] (£ million)	992	1,220
Adjusted basic EPS[1] (pence)	128.4	119.6
Dividend per share (pence)	26.0	23.1
Total financial performance measures		
Operating profit (£ million)	850	908
Profit before tax (£ million)	753	796

Will Gardiner, CEO of Drax Group, said: "Drax has delivered a strong operational and financial performance while supporting UK energy security. We produced over 25% more dispatchable renewable power in 2024, keeping the lights on for millions of homes and businesses, while supporting thousands of jobs throughout our supply chain.

"Signing a Heads of Terms with the UK Government for a new low-carbon dispatchable CfD for Drax Power Station is a major milestone for the business and provides the basis on which the site continues to generate electricity for the country, especially when the wind isn't blowing, and the sun isn't shining.

"This is an investment in security of supply, which provides a net saving for consumers and helps deliver the Government's Clean Power 2030 goal. It also offers a potential pathway for long-term growth for our business, including options for the development of BECCS and a data centre at Drax Power Station.

"We are making good progress with our growth ambitions for Flexible Generation, Pellet Production and our international carbon removals business, Elimini. Our strong balance sheet supports returns to shareholders and the development of options for long-term growth, both in the UK and internationally."

Financial highlights

- 5% growth in Adj. EBITDA driven by increased renewable generation and improved Pellet Production performance
- Strong liquidity and balance sheet
  - £0.7 billion of new debt with maturities 2027-2029, £0.9 billion of shorter dated maturities repaid
  - £806 million of cash and committed facilities, 0.9x Net debt to Adj. EBITDA
- Sustainable and growing dividend - proposed final dividend of 15.6 pence per share (2023: 13.9 pence per share)
  - Expected full year dividend up 12.6% to 26.0 pence per share (2023: 23.1 pence per share)
- £300 million share buyback[5]
  - c.£150 million complete to date, third £75 million tranche expected to commence shortly

Other highlights

- Drax Power Station - UK's largest power station and source of renewables - 5% of UK power, 10% of UK renewables
- Non-binding Heads of Terms agreed for low-carbon dispatchable CfD for Drax Power Station
- Potential for >1.2GW data centre at Drax Power Station, through 2030s, shortlist of developers
- Launch of Elimini (Global BECCS) carbon removals business
- Sale of non-core Opus Energy SME customer meters
- Heads of Terms agreed with SAF developer for 1Mt pa multi-year biomass sales from 2029, potential for 3Mt pa
- £80 million (40MW) expansion of Cruachan, operational 2027, underpinned by 15-year Capacity Market agreement

Financial outlook

- Full year 2025 expectations for Adj. EBITDA in line with analyst consensus estimates[6]
- Drax Power Station >£1 billion of estimated post-tax operating cash flow (2025 to 2027) underpinned by forward power hedges and renewable certificates

Targeting post 2027 Adj. EBITDA of £600-700m pa from FlexGen, Pellet Production and Biomass Generation[7]

- FlexGen and Energy Solutions - targeting post 2027 recurring Adj. EBITDA of >£250 million
  - Pumped storage, hydro, Open Cycle Gas Turbines (OCGTs) and Energy Solutions
- Pellet Production - targeting post 2027 recurring Adj. EBITDA >£250 million
  - Pipeline of opportunities for sales in existing and new markets, including SAF, and own-use
  - Positioned to capture value in supply chain as a producer, user and seller of biomass in the global market
- Biomass Generation - targeting average Adj. EBITDA of £100-200 million pa (Apr-27 to Mar-31)
  - Based on low-carbon dispatchable CfD across four units, flexible generation and ancillary services

- Further opportunity from additional merchant generation

Capital allocation policy unchanged
- Maintain a strong balance sheet
- Invest in the core business
  - Short-term - capital returns, investment in existing business and commissioning of OCGTs
  - Medium-term - expansion of FlexGen to provide a full range of system support services and technologies
  - Long-term options for growth
    - FlexGen - long duration storage (Cruachan II) subject to attractive investment framework
    - Data centre - potential for >1.2GW data centre at Drax Power Station through 2030s, shortlist of developers
    - Carbon removals - development of pipeline of options for growth and value creation, including BECCS at Drax Power Station and Elimini
- Pay a sustainable and growing dividend
- Return surplus capital beyond investment requirements
  - £300 million share buyback commenced August 2024 - c.£150 million complete in first seven months, third £75 million tranche to commence shortly

Sustainability - continued development of approach to sustainability processes and reporting
- Launch of new Sustainability Framework - Climate, Nature and People Positive targets
- Full alignment with Task Force on Climate-related Financial Disclosure (TCFD) reporting requirements and voluntary Taskforce on Nature-related Financial Disclosure (TNFD) reporting
- SBTi - 2030 targets validated, validating 2040 targets
- CDP - increase in Forest rating (A- ratings for Climate and Forest)

Operational and financial review

£ million	**2024**	**2023**
Adj. EBITDA breakdown	**1,064**	**1,009**
Pumped Storage and Hydro	138	230
Energy Solutions - Industrial & Commercial (I&C)	81	102
- Small and Medium-sized Enterprise (SME)	(30)	(30)
FlexGen & Energy Solutions	**188**	**302**
Pellet Production	143	89
Biomass Generation	814	703
Elimini	(47)	(57)
Innovation and Capital Projects	(34)	(28)

FlexGen & Energy Solutions - *flexible generation and system support services*
- Pumped Storage and Hydro - performance supportive of post 2027 Adj. EBITDA target
  - Strong system support earnings with lower forward power sales, as expected, vs 2023
  - Progressing c.£80 million refurbishment and upgrade (40MW) of Cruachan underpinned by 15-year Capacity Market agreements (>£220 million)
- I&C
  - Maintaining margin in line with 2023, some reduction in volume
  - Development of Energy Solutions business including system support services via demand response, and electric vehicle services following acquisition of BMM (August 2023)
- SME (Opus Energy)
  - Sale of majority of Opus Energy's meter points completed September 2024, with remaining meter points sale agreed February 2025 - reflects focus on core I&C business and exit from SME market

Biomass Generation - *UK energy security with dispatchable renewable generation and system support services*
- Biomass generation - increased level of renewable generation and continuing system support role
  - 14.6TWh - 27% increase (2023: 11.5TWh)
  - Single major planned outage, completed ahead of schedule
- Strong contracted power and renewables position
  - As at 24 February 2025 c.£1.9 billion of forward power sales between 2025 and Q1 2027 on RO biomass, pumped storage and hydro generation assets - 20.2TWh at an average price of £93.7/MWh[8/9]
  - RO generation - fully hedged in 2025 and c.80% 2026, with >£1 billion of associated ROCs
  - A further 3.1TWh of CfD generation contracted for 2025

Contracted power sales as at 24 February 2025	**2025**	**2026**	**2027**
Net RO, hydro and gas (TWh)[8]	*10.6*	*8.2*	*1.4*
Average achieved £ per MWh[9]	*108.8*	*76.8*	*78.4*
CfD (TWh)	*3.1*	*-*	*-*

Pellet Production - *North American supply chain supporting UK energy security and sales to third parties*
- Strong improvement in operational and financial performance vs 2023
  - 5% increase in production vs 2023 (4.0Mt, 2023: 3.8Mt)
  - Deliveries weighted towards own-use - more reflective of current market for long-term large-scale supply
- Development of new capacity
  - Aliceville expansion commissioned H1 2024 (130kt)

- Potential long-term offtake opportunity for >60% of Drax current pellet production capacity
  - Heads of terms agreed with Pathway Energy for 1Mt pa multi-year biomass sales from 2029
  - Potential for additional 2Mt pa through 2030s

Other financial information

Capital investment

- Capital investment of £332 million (2023: £519 million)
  - Growth - £212 million, including £90 million OCGTs, £64 million pellet plants and £34 million Cruachan turbine upgrade
  - Maintenance and other - £121 million, including one major planned outage on biomass unit
- 2025 expected capital investment of c.£180-220 million
  - Growth - c.£90 million, primarily OCGTs and Cruachan turbine upgrade
  - Maintenance and other - c.£110 million, including Cruachan transformer upgrade

Cash and balance sheet

- Cash generated from operations of £1,135 million (2023: £1,111 million)
- Net working capital inflow of £122 million inclusive of an increase in renewable assets
- Net debt at 31 December 2024 of £992 million (31 December 2023: £1,220 million), including cash and cash equivalents of £356 million (31 December 2023: £380 million)
- >£0.7 billion of new debt maturing 2027-2029 and repayment of >£0.9 billion of shorter dated maturities
  - New c.£442 million term-loan facilities, maturing 2027-2029
  - New €350 million Euro bond, maturing 2029
  - Repaid £347 million of infrastructure facilities, maturing 2024-2026
  - Repaid 500 million US bond, maturing 2025
  - Repaid €106 million of €250 million Euro bond through tender offer, bond maturing 2025
  - Repaid £120 million collateral facility in July 2024

Notes:

(1) Financial performance measures prefixed with "Adjusted/Adj." are stated after adjusting for exceptional items and certain remeasurements (including certain costs in relation to the disposal of the SME meters, impairment of non-current assets, proceeds from legal claims, change in fair value of financial instruments and impact of tax rate changes). Adj. EBITDA and EPS measures exclude earnings from associates and amounts attributable to non-controlling interests.

(2) Earnings before interest, tax, depreciation, amortisation, other gains and losses and impairment of non-current assets, excluding the impact of exceptional items and certain remeasurements, earnings from associates and earnings attributable to non-controlling interests.

(3) In January 2023 the UK Government introduced the Electricity Generator Levy (EGL) which runs to 31 March 2028. The EGL applies to the three biomass units operating under the RO scheme and run-of-river hydro operations. It does not apply to the Contract for Difference (CfD) biomass or pumped storage hydro units. EGL is included in Adj. EBITDA and amounted to £161 million in 2024 (2023: £205 million).

(4) Net debt is calculated by taking the Group's borrowings, adjusting for the impact of associated hedging instruments, lease liabilities and subtracting cash and cash equivalents. Net debt excludes the share of borrowings, lease liabilities and cash and cash equivalents attributable to non-controlling interests. Borrowings includes external financial debt, such as loan notes, term-loans and amounts drawn in cash under revolving credit facilities. Net debt does not include financial liabilities such as pension obligations, trade and other payables, working capital facilities linked directly to specific payables that provide short extension of payment terms of less than 12 months and balances related to supply chain finance. Net debt includes the impact of any cash collateral receipts from counterparties or cash collateral posted to counterparties. Net debt excluding lease liabilities was £876 million (2023: £1,084 million).

(5) On 7 August 2024 Drax commenced a £300 million share buyback programme. The maximum number of shares that may be repurchased by the Company under the programme is 38,468,257, being the number of shares the Company is authorised to purchase pursuant to the authority granted by shareholders at the Annual General Meeting (AGM) held on 25 April 2024, which authority is expected to be renewed at the AGM to be held in 2025. As at 26 February 2025, 23,245,965 shares had been purchased, leaving a residual allowance of 15,222,292 shares which can be purchased under the programme ahead of the next AGM being held on 1 May 2025.

(6) As of 20 February 2025, analyst consensus for 2025 Adj. EBITDA was £865 million, with a range of £839 - 893 million. The details of this consensus are displayed on the Group's website.
Consensus - Drax Global

(7) Excludes Investment Opportunities including development expenditure in Elimini, Innovation, Capital Projects and Other.

(8) Includes 1.8TWh of structured power sales in 2025, 2026 and 2027 (forward gas sales as a proxy for forward power), transacted for the purpose of accessing additional liquidity for forward sales from RO units and highly correlated to forward power prices.

(9) Presented net of cost of closing out gas positions at maturity and replacing with forward power sales.

Forward Looking Statements

This announcement may contain certain statements, expectations, statistics, projections, and other information that are, or may be, forward looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans, beliefs, and objectives for the management of future operations of Drax Group plc ("Drax") and its subsidiaries (the "Group"), are not warranted or guaranteed. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Although Drax believes that the statements, expectations, statistics and projections and other information reflected in such statements are reasonable, they reflect Drax's current view and no assurance can be given that they will prove to be correct. Such events and statements involve risks and uncertainties. Actual results and outcomes may differ materially from those expressed or implied by those forward-looking statements. There are a number of factors, many of which are beyond the control of the Group, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These include, but are not limited to, factors such as: delays in the process for finalising the proposed Low-carbon Dispatchable CfD agreement with the UK Government; future revenues being finalising the proposed Low-carbon, Dispatchable CfD agreement with the UK Government, future revenues being lower than expected; increasing competitive pressures in the industry; uncertainty as to future investment and support achieved in enabling the realisation of strategic aims and objectives; and/or general economic conditions or conditions affecting the relevant industry, both domestically and internationally, being less favourable than expected, including the impact of prevailing economic and political uncertainty, the impact of conflict including those in the Middle East and Ukraine, the impact of cyber attacks on IT and systems infrastructure (whether operated directly by Drax or through third parties), the impact of strikes, the impact of adverse weather conditions or events such as wildfires, changes to the regulatory and compliance environment within which the Group operates. We do not intend to publicly update or revise these projections or other forward-looking statements to reflect events or circumstances after the date hereof, and we do not assume any responsibility for doing so.

Webcast Arrangements

Management will host a webcast presentation for analysts and investors at 9:00am (GMT) on Thursday 27 February 2025.

The presentation can be accessed remotely via a live webcast link, as detailed below. After the meeting, the webcast recording will be made available and access details of this recording are also set out below.

A copy of the presentation will be made available from 7:00am (GMT) on Thursday 27 February 2025 for download at: https://www.drax.com/investors/announcements-events-reports/presentations/

Event Title:	Drax Group plc - Full Year Results 2024
Event Date:	Thursday 27 February 2025
Event Time:	9:00am (GMT)
Webcast Live Event Link:	https://secure.emincote.com/client/drax/drax030
Conference call and pre-register Link:	https://secure.emincote.com/client/drax/drax030/vip_connect
Start Date:	Thursday 27 February 2025
Delete Date:	Saturday 28 February 2026
Archive Link:	https://secure.emincote.com/client/drax/drax030

For further information, please contact: Christopher.Laing@fticonsutling.com

Website:	www.drax.com

Chair's statement

Introduction
2024 was a successful year for the Group in which we delivered a strong operational and financial performance. We also made good progress with our medium-term strategy to deliver over £500 million of recurring Adjusted EBITDA from our FlexGen & Energy Solutions and Pellet Production portfolios, as well as our long-term strategy for growth.

Our purpose, to enable a zero carbon, lower cost energy future, is well aligned with the competing priorities of energy security, affordability, and the need to decarbonise economies - what is known as the energy trilemma.

Low-carbon dispatchable CfD agreement
Together with my fellow Board members, I welcomed the announcement on 10 February 2025, of the non-binding heads of terms agreed with the UK Government for the operation of Drax Power Station beyond 2027.

People and values
Throughout the year I continued to engage with stakeholders, including shareholders, colleagues, regulators, and suppliers.

From site visits in the UK, US, and Canada, I have been impressed with the commitment and enthusiasm of colleagues, and the strong sense of pride in what we are doing. This extends to making sure we do what is right in how we work and that we provide a safe and supportive working culture.

The Board remains committed to building a supportive and inclusive working environment where all colleagues feel enabled to contribute to achieve the best results for themselves and the Group. In our latest colleague engagement survey we received positive outcomes on measures such as wellbeing and inclusion, with an overall engagement score of 7.4 out of 10.

I am also pleased to report that, as at 31 December 2024, 44% of the Board were women. We have more to do to strengthen diversity across the organisation, and through the updates we receive from Will Gardiner, and my own engagement with the Group's employee forums, the Board continues to be informed about colleague opinions and ways in which appropriate changes can be made.

Governance, compliance, and sustainability
Good governance, compliance, and sustainability are prerequisites for a well-run company and long-term success.

We recognise the importance of these matters and over the last five years we have continued to invest in our governance and compliance functions as the footprint of the business has grown. We are making progress and believe we have good processes in place, however we are not complacent and recognise that there are always opportunities to further enhance our capabilities in these important areas.

Delivering positive outcomes for climate, nature, and people is central to our plans. Ensuring that we only use biomass that is sourced sustainably is key to this ambition. Biomass, when sustainably sourced, supports good forestry, is a renewable source of energy, and an important part of both UK and international renewable energy policy. As such, I was pleased to see the closure of Ofgem's investigation into the Group's biomass profiling data. Ofgem confirmed that it found no evidence that the Group's biomass is not sustainable or that Drax was incorrectly issued with renewable certificates but in recognition of Ofgem's findings, Drax made a payment of £25 million into Ofgem's voluntary redress fund.

Board changes

In February 2024, Vanessa Simms, Non-Executive Director and Chair of the Audit Committee, announced her intention to stand down from the Board, leaving in June 2024 after serving the Company for six years. Following a comprehensive selection process, Rob Shuter was appointed to the Board in June 2024 as a Non-Executive Director and Rob was also appointed Chair of the Audit Committee.

In December 2024, Andy Skelton, Chief Financial Officer (CFO), announced his intention to retire from the Board and his role as CFO. Andy will remain as a Director of the Company and CFO until a successor is in place, and we have started a recruitment process.

I would like to welcome Rob, who has been a great addition to the Board, and thank Vanessa and Andy for their service to the Company. I am particularly grateful to Andy for his ongoing commitment through 2025 until a successor is established.

Results
Adjusted EBITDA in 2024 was £1,064 million (2023: £1,009 million), which reflects strong operational and financial performance. This includes a high level of renewable power generation and system support services in response to system need, and an improvement by Pellet Production. The balance sheet is strong, with Net debt of £992 million (2023: £1,220 million), which means that Net debt to Adjusted EBITDA was a multiple of 0.9 times at 31 December 2024 - significantly below our target ratio of around 2 times Net debt to Adjusted EBITDA.

At the 2024 Half Year Results, we confirmed an interim dividend of £40 million (10.4 pence per share). The Board proposes to pay a final dividend in respect of 2024 of £57 million, equivalent to 15.6 pence per share. This will make the full-year 2024 dividend £97 million (26.0 pence per share) (2023: £89 million, 23.1 pence per share). This represents a 12.6% increase on the dividend per share paid in respect of 2023. It is also consistent with our policy to pay a dividend that is sustainable and expected to grow, as the strategy delivers stable earnings and cash flows as well as opportunities for growth.

The Group has a clear capital allocation policy. In determining the rate of growth in dividends from one year to the next, the Board will take account of several factors, including cash flows from contracted income, the less predictable cash flows from the Group's commodity-linked revenue streams, and future investment opportunities. If there is a build-up of capital, the Board will consider the most appropriate mechanism to return this to shareholders. In line with this policy, in August 2024 the Group commenced a share buyback programme for up to £300 million of Drax shares to be carried out over a two-year period. As at 31 December 2024, the programme had spent £115 million on the purchase of Drax shares.

Summary
In 2024, we generated a record level of renewable generation across our portfolio of flexible and renewable generation assets as we continue to play an important role in the UK energy system, supporting energy security. This has contributed to a strong financial performance, dividend growth, and capital returns to shareholders.

At the same time, we have made good progress with our medium and long-term objectives, which are well aligned with our purpose and the energy trilemma.

Through these complementary opportunities, we believe we can deliver sustainable long-term value to all of our stakeholders while realising our purpose of enabling a zero carbon, lower cost energy future.

I would like to thank all colleagues for their hard work, dedication, and expertise in helping us deliver a strong result in 2024 and their continued commitment to our purpose and the delivery of our strategy.

Andrea Bertone
Chair
26 February 2025

CEO's review

Introduction
Energy security, affordability, and the need to decarbonise economies - the energy trilemma - have remained important global themes in 2024. Our purpose - to enable a zero carbon, lower cost energy future - is well aligned with these competing priorities and we are committed to playing our part in delivering a Just Transition.

Drax plays an important part in the UK energy system and in 2024 we delivered a strong operational and financial performance, providing the services our markets and stakeholders demand - reliable renewable electricity, flexibility and system support services, all of which contribute to energy security. Our dispatchable 24/7 generation portfolio, backed up by our resilient North American supply chain, enables us to operate the UK's largest single source of renewable power, and through our flexibility we are an enabler of more renewables on the system.

The UK has led the way in decarbonising power generation but there is much more to do. At Drax, we are playing our part by developing options for carbon removals, flexible generation, and energy storage. In its recent "Clean Power 2030" report, the UK's National Energy System Operator (NESO) noted that all of its pathways to a clean power system in 2030 required more renewable energy and more power system flexibility. Both of NESO's pathways included large-scale biomass and BECCS.

We believe that investment in new generation capacity, technology, and infrastructure to deliver a clean power system, and beyond that net zero, requires greater policy certainty. Absent this certainty, the pace of development is likely to be insufficient to deliver what is required and, in that environment, we believe that the value of proven operational assets should increase as growing demand for power - for electrification of heating, transport, and new markets like data centres - moves ahead of supply.

We are excited by the long-term global potential for carbon removals, and through our new Elimini business we are evaluating options for 24/7 power generation and carbon removals in North America and beyond. To support the realisation of these opportunities and the transformation of the Group, we are continuing to develop a culture and the capabilities to support the delivery of our strategy and create long-term value for stakeholders.

Our balance sheet is strong, and the business is generating significant free cash flow. We stand ready to invest in our strategy and opportunities to create value from our asset base, but will be disciplined on capital allocation, as we seek to maximise value. Such strategic investment remains subject to appropriate regulatory structures and investment returns. In the short term, those structures are not yet sufficiently developed and so, in line with the Group's capital allocation policy, in August 2024, we commenced a share buyback programme, for the purchase of shares worth up to £300 million over a two-year period.

Safety
Safety remains a primary focus. In 2024, we achieved a significant improvement in performance with a Total Recordable Incident Rate (TRIR) of 0.24 (2023: 0.38). This reflects ongoing investment in training and the strengthening of our safety culture as we continue to work hard to investigate near misses and hazards so that we can take action to prevent incidents. We also continue to track leading indicators of near miss and hazard identification rate as well as our lagging indicators, which are key targets across the Group.

Summary of 2024
Adjusted EBITDA of £1,064 million represents a 5% increase on 2023 (£1,009 million). This reflects a strong operational and financial performance, with a high level of renewable power generation and system support activity in response to system need and an improvement in the Pellet Production business.

Net debt to Adjusted EBITDA was less than 1 times at 31 December 2024 - significantly below the Group's target of around 2 times. In aggregate, through 2024, the Group put in place over £1 billion of new longer-dated debt and facilities, significantly extending our maturity profile beyond 2027, whilst reducing Net debt by over £200 million.

In line with our policy to pay a sustainable and growing dividend, the Board proposes to pay a final dividend in respect of 2024 of £57 million, equivalent to 15.6 pence per share, giving a full-year dividend of 26.0 pence per share. This is an increase of 12.6% on 2023 (23.1 pence per share). Since its inception in 2017, the annual average rate of dividend growth has been c.11%.

In August 2024, the Group commenced a share buyback programme for up to £300 million of Drax shares over a two-year period. As at 31 December 2024, the programme had purchased £115 million of Drax shares. When combined with dividend payments this represents total returns to shareholders of £209 million for 2024.

Progressing towards >£500 million pa of Adjusted EBITDA post-2027 from FlexGen & Energy Solutions, and Pellet Production
In February 2024 Drax set out a target to deliver more than £500 million pa of recurring Adjusted EBITDA from our FlexGen & Energy Solutions, and Pellet Production businesses.

The FlexGen & Energy Solutions portfolio made good progress in 2024, and we expect to benefit in future years from the full operation of three new Open Cycle Gas Turbines (OCGTs), as well as the 40MW expansion of Cruachan, all of which are underpinned by long-term Capacity Market agreements.

We also believe that the restructuring of the Energy Solutions business to focus on larger customers and renewable products, including electric vehicle (EV) services, will support the delivery of this ambition.

Pellet Production made strong progress towards its target in 2024 with improved performance and the development of new markets for biomass sales.

FlexGen & Energy Solutions
The UK's plans to achieve net zero by 2050 will require the electrification of sectors such as heating and transport systems, resulting in a significant increase in demand for electricity. We believe that intermittent renewable and inflexible low-carbon energy sources - wind, solar, and nuclear - could help meet this demand. However, this will only be possible if other power sources can provide the dispatchable power and non-generation system support services required to ensure security of supply.

We believe that the retirement of older thermal generation assets and increased reliance on intermittent renewables, as well as an increase in power demand, will drive a growing need for dispatchable power and system support services, creating long-term, earnings opportunities for, and value from, the Group's flexible generation assets.

As such, and in line with our ambition to be a UK leader in flexible renewable generation, the Group continues to assess opportunities for the development of its portfolio. In addition to the Group's options for increasing long-duration energy storage at Cruachan, this could also include medium-term opportunities in other storage solutions like batteries, which could complement the range of services which the Group's FlexGen business can provide. Any investment would be subject to the Group's capital allocation policy and appropriate returns on capital.

Pumped storage and hydro
The Group's pumped storage and hydro business performed well, providing flexible and renewable power generation and a wide range of system support services. Adjusted EBITDA of £138 million (2023: £230 million) is in line with the Group's target for post-2027 Adjusted EBITDA. 2023 included the benefit of forward selling higher peak power and buying back lower off-peak power. As forward power prices have reduced, we expected a lower level of Adjusted EBITDA in 2024.

An £80 million investment to refurbish and upgrade two units at Cruachan Power Station is progressing. The project, which is underpinned by a 15-year Capacity Market agreement worth over £220 million (c.£15 million Adjusted EBITDA pa), will add 40MW of additional capacity by 2027 and improve unit operations.

OCGTs
Commissioning of three new-build OCGTs at two sites in central England and one in Wales is expected to commence in 2025. This is later than originally planned, primarily due to delays in grid connection by the relevant authorities. The OCGTs will provide combined capacity of c.900MW and be remunerated under 15-year Capacity Market agreements, worth over £240 million, in addition to revenues from peak power generation and system support services. Drax will continue to assess options for these assets, including their potential sale.

Energy Solutions (Customers)
Adjusted EBITDA of £51 million was down 29% on 2023 (£72 million), comprised of profitable Industrial & Commercial (I&C) and renewables services businesses, and a loss-making Small & Medium-sized Enterprise (SME) business.

I&C and renewables services Adjusted EBITDA of £81 million was a strong performance. Alongside supplying renewable energy, this business is increasingly active in the provision of value adding services, including asset optimisation and EV services.

Opus Energy (Opus), the Group's SME business, was loss making at the Adjusted EBITDA level, reflecting an exit from gas supply as part of the Group's decarbonisation strategy and lower customer numbers. Opus was acquired by Drax in 2017 and over the past seven years, elements of the acquired business have been transferred to our core I&C business. Those transfers included renewables services, which incorporates Power Purchase Agreements with renewable generators, and certain other customers. These businesses have contributed to the strong underlying performance in the I&C business.

In September 2024, Drax completed the sale of the majority of its non-core Opus SME customer meter points. An employee consultation process has also been completed resulting in a reduction in headcount to reflect a focus on core I&C and renewables services. The sale is expected to be supportive of the Group's post-2027 Adjusted EBITDA target, with a leaner, more focused I&C business model, which can better support customers with their energy needs and decarbonisation objectives.

Pellet Production
Adjusted EBITDA of £143 million (2023: £89 million) was an increase of 61%. This is a strong performance which reflects higher production and improved margin versus 2023.

Output benefitted from the commissioning of a 130kt expansion of the Aliceville pellet plant. Deliveries were incrementally weighted towards own-use contracts, which are more reflective of the current market value of long-term large-scale supply than some legacy third-party supply contracts. These contracts will fall due for renewal in the coming years.

As a vertically integrated producer, user, buyer, and seller of biomass, we operate a differentiated biomass model from our peers and see the current global biomass market as having a favourable balance of risks and opportunities from our peers and see the current global biomass market as having a favourable balance of risks and opportunities.

Drax continues to target post-2027 recurring Adjusted EBITDA over £250 million from Pellet Production. This could comprise a combination of own-use and third-party sales, from existing and new markets, including Sustainable Aviation Fuel (SAF), where Drax is developing a pipeline of biomass sales opportunities in North America, Asia, and Europe.

We believe that SAF could be a major market opportunity for biomass pellets. During 2024 Drax agreed heads of terms with Pathway Energy LLC (Pathway) on a multi-year agreement that could see Drax supply 1Mt of sustainable biomass each year for the production of SAF at their proposed plant in Port Arthur, Texas. The project could provide an attractive home market for the Group's US pellet production, with pricing expected to be consistent with the Group's target for post-2027 recurring Adjusted EBITDA.

In the future, Drax could also potentially supply biomass to two additional Pathway projects, delivering a further 2Mt of sustainable pellets per year to Pathway's sites through the 2030s.

Separately, as a part of its plans to reduce carbon emissions in its supply chain, Drax announced a partnership with Smart Green Shipping to trial, develop, and use an innovative wind-assisted "FastRig" sail with a view to demonstrating how the technology can reduce fuel consumption and resulting emissions, which Smart Green Shipping believes could be up to 30% per year. This is in addition to efforts to reduce emissions in UK rail logistics by substituting diesel for biofuel.

Biomass Generation

Drax Power Station is the largest power station in the UK and the country's largest single source of renewable power. The site has four fully flexible and independent biomass units providing 2.6GW of capacity for secure 24/7 renewable power, supporting UK energy security with a wide range of system support services. We believe that the size, flexibility, and location of the site make it an important long-term part of the UK energy system.

In 2024, the site generated over 5% of the UK's electricity and around 10% of its renewable power. During this period, it produced on average 19% of the UK's renewable power at times of peak demand and on certain days over 50%. During October and November 2024, anticyclonic weather systems led to a prolonged period of low wind speed (dunkelflaute) leading to lower levels of wind generation and higher demand for power from our assets. This demonstrates the important role that Drax plays in security of supply in the UK.

Biomass generation is underpinned by a robust and diversified supply chain, using sustainable biomass material from the Group's own production capacity and third-party suppliers across the US, Canada, and Europe. This diversification also provides operational redundancy designed to mitigate potential disruptions at the supplier level.

In the UK, Drax utilises dedicated port facilities at Hull, Immingham, Tyne and Liverpool, with annual throughput capacity significantly in excess of the Group's typical annual biomass usage. Drax Power Station has around 300,000 tonnes of on-site biomass storage capacity. Taken together with volumes throughout the supply chain, the Group currently has visibility of around 1Mt of biomass in inventories. This adds to the resilience of the UK power market in periods of high demand.

The strategically important role which Drax Power Station plays highlights the importance of continued investment to ensure good operational performance and availability of our generation assets. As part of this investment, a major planned outage on one unit was completed in August 2024 and the unit returned to service ahead of schedule.

Adjusted EBITDA of £814 million was an increase of 16% on 2023 (£703 million). This reflects a higher level of renewable power generation and system support services in response to greater system need.

With demand for power expected to grow - through the electrification of heating, transport and other sources like data centres - and more intermittent renewables, we believe that there remains a need for assets like Drax Power Station to continue providing large-scale dispatchable 24/7 renewable energy.

Opportunities for investment aligned with long-term strategy

Our strategy is designed to realise our purpose of enabling a zero carbon, lower cost energy future. It includes three complementary strategic pillars, closely aligned with global energy policies: (1) to be a UK leader in dispatchable, renewable generation; (2) to be a global leader in sustainable biomass pellets; and (3) to be a global leader in carbon removals.

These strategic pillars inform the development of our short, medium and long-term investment opportunities in energy security and renewable power, flexible generation, and carbon removals.

Biomass generation - BECCS

We continue to evaluate an option for BECCS at Drax Power Station, with plans to add post-combustion carbon capture technology to two of the existing biomass units that use sustainable biomass. In total the project could capture up to 8Mt of carbon per year, making a major contribution to the UK's legally binding net zero targets, in addition to providing 24/7 renewable power and energy security.

Consistent with the position set out by Drax in 2023, clear Government policy support and milestones (including details of the subsequent allocation rounds for carbon capture and storage (CCS) projects and transportation and storage processes) are required to unlock further investment in the development of BECCS at Drax Power Station.

Biomass generation - data centres

The growing demand for 24/7 power to meet the needs of data centres represents a potential opportunity for generators like Drax. NESO's Future Energy Scenarios indicate a potential doubling of demand for power consumption from data centres by 2030.

The Group's asset base of large-scale dispatchable power generation and cooling solutions from secure sites backed up by a resilient North American supply chain, and a route to large-scale high-integrity carbon removals via BECCS, is well aligned with the needs of this growing industry.

We have received positive engagement with data centre providers in relation to the potential to co-locate a data centre with biomass generation and Drax continues to explore such opportunities.

New pumped storage hydro - Cruachan

In October 2024, the UK Government confirmed its intention to introduce a "cap and floor" scheme to underpin investment in long duration energy storage schemes like Cruachan.

The location, flexibility and range of services Cruachan can provide makes it strategically important to the UK power system and a source of long-term earnings and cash flows linked to the UK's energy transition.

Initial design and engineering work is now complete on the option for a 600MW expansion of Cruachan. No investment decision has been taken at this stage.

Taken together with current developments, we could create a FlexGen portfolio of scale comprising c.1.2GW of pumped storage and hydro capacity and c.0.9GW of OCGT capacity, in addition to 2.6GW of biomass generation capacity (and a further 1.3GW of additional grid access rights) at Drax Power Station.

Elimini (Global BECCS)

Elimini (Global BECCS)
In September 2024, Drax launched Elimini, our international carbon removals business, which is operationally separate from the Group and is developing opportunities globally for 24/7 renewable power and high-integrity carbon removals.

To support the development of this business, in 2023 Drax established a global HQ for carbon removals in Houston, Texas, and the launch of Elimini represents the continued evolution of the carbon removals business.

Governance, regulation and compliance
Good governance and compliance are prerequisites for a well-run company and long-term success.

We recognise the importance of these issues and have invested to develop our governance and compliance functions as the footprint of the business has grown. We have made progress and believe that we have good processes in place, but we are not complacent and recognise that we can enhance our capabilities in these important areas.

In August 2024, Ofgem closed its investigation into Drax Power Limited's biomass profiling data relating to the Renewables Obligation scheme. Ofgem confirmed that it did not find any evidence that the biomass used at Drax Power Station was not sustainable or that Drax had been issued with Renewables Obligation Certificates (ROCs) incorrectly. No harm had been caused to the consumer, but in recognition of Ofgem's findings, Drax made a payment of £25 million into Ofgem's voluntary redress fund. Drax has resubmitted its CP20 profiling data for Canada and committed to undertake an independent audit of its biomass profiling data for CP22 (April 2023 to March 2024).

Sustainability
As a purpose-led organisation, as we grow, positive outcomes for climate, nature, and people should grow too. Our operations can help sustain more working forests and provide more jobs and opportunities in communities where we operate.

Working in partnership with industry, communities, scientists, regulators, government and civil society organisations will be vital to achieving our ambitions. We will look to work constructively with them to help deliver improvements and perpetuate positive outcomes for the climate, nature, and people.

We have been developing a new Sustainability Framework which sets out specific KPIs for our Climate, Nature, and People Positive pillars. These have been developed in conjunction with internal and external stakeholders, including shareholders, as we recognise the importance of a wide range of views in the development of our broader targets and which support the long-term success of the business.

We expect to publish our Climate Transition Plan in 2025 and are in the validation process for a new set of long-term (2040) Science Based Targets initiative (SBTi) targets, which will complement our existing, validated near-term (2030) targets which are in line with the actions required to follow a 1.5°C pathway.

We are fully aligned with the Task Force on Climate-related Financial Disclosures (TCFD). We are also an early adopter to the Taskforce on Nature-related Financial Disclosures (TNFD) and expect to produce our first TNFD report by the end of 2026. We are also a signatory to the UN Global Compact (UNGC) and we are committed to promoting the UNGC principles concerning respect for human rights, labour rights, the environment, and anti-corruption.

Biomass sustainability
Biomass, when sustainably sourced, supports good forestry, is a renewable source of energy, and we believe represents an important part of both UK and international renewable energy policy. As one of the world's largest users of sustainable biomass for energy generation, Drax is committed to ensuring the woody biomass we source comes from forests that are managed in accordance with standards designed to support their health and growth over the long term.

Drax sources its biomass from well-established forestry markets mainly in the US and Canada, as well as Europe. The main output from these markets is sawlogs, which are processed for use in construction and manufacturing. When used in this way, these materials represent a source of long-term carbon storage and, when the forest regenerates or is replanted, the growing trees absorb carbon from the atmosphere.

Drax supports these forest economies by providing incremental secondary revenues to forest landowners, particularly in the US South, through the purchase of material which is not otherwise merchantable to a sawmill. These materials include bark, branches, low-grade wood and woody matter from forest management activities (thinning), in addition to purchasing sawmill residues. Our part of the supply chain is purchasing these materials. This helps to reduce the risk of wildfire and the spread of disease and allows for replanting of the forest. Where there would otherwise be no demand for these materials, they are sometimes burned at the roadside, as happens in British Columbia, or potentially even landfilled.

In the US South, the periodic thinning of a forest helps improve the size and quality of sawlogs when the trees reach maturity, the economic value of the timber produced and the carbon absorbed and stored, as well as helping forest health and biodiversity.

If forests were not thinned, the revenue from sawlogs would be reduced and landowners may consider other uses for their land, such as agricultural crops and livestock farming. The management of forestland to produce sawlogs ensures forests are growing and absorbing carbon, which means forests remain a carbon sink.

Forests in the areas where Drax sources material are subject to national and regional regulation and typically supported, and independently monitored for compliance, by forest certification schemes. These include the Forestry Stewardship Council® (FSC®) (FSC C123692), the Sustainable Forestry Initiative® (SFI) (SFI 01578), and the Programme for the Endorsement of Forest Certification (PEFC) (PEFC/29-31-286).

We supplement this regulation through our own biomass sourcing policy and supply chain checks, with third-party verification under the Sustainable Biomass Program (SBP) in respect of woody biomass used at Drax Power Station.

Outlook
The UK and the world need more renewable energy, more flexible energy systems and energy security. Drax is continuing to play an important role in supporting energy security in the UK with its dispatchable 24/7 generation portfolio, and the UK's largest single source of renewable power.

We are continuing to develop a culture with the capabilities to support the delivery of our strategy and create long-term value and benefits for stakeholders.

We are continuing to target >£500 million of recurring post-2027 Adjusted EBITDA from our FlexGen & Energy Solutions and Pellet Production businesses. We believe that these, together with Drax Power Station, are an integral part of enabling a clean power system in the UK by 2030.

In the long term we remain focused on our strategic investment opportunities in 24/7 renewable power and carbon removals via BECCS, data centres, and energy storage. As we seek to maximise value we will exercise prudence in how we commit development investment to our larger projects. Until we receive greater certainty on appropriate regulatory structures and investments returns, we expect to commit less development investment.

We will continue to apply our capital allocation policy with a focus on balance sheet strength, investment in the core business, a sustainable and growing dividend, and to the extent there are residual cash flows beyond the current business, a sustainable and growing dividend, and to the extent there are residual cash flows beyond the current needs of the Group, additional returns to shareholders. Through these strategic objectives and a disciplined approach to capital allocation and development costs, we expect to create opportunities for value and growth in the UK and beyond, underpinned by strong cash generation and attractive returns for shareholders.

Post balance sheet event
Low-carbon dispatchable CfD agreement for Drax Power Station

In February 2025, Drax agreed a non-binding heads of terms with the UK Government for a low-carbon dispatchable CfD agreement for Drax Power Station, which would operate between April 2027 and March 2031.

The agreement is intended to support UK energy security, represent value for money for consumers, and support long-term options for growth and carbon removals, including BECCS.

The proposed agreement remains subject to Parliamentary procedures, agreement of a final contract, and also anticipates a tightening of biomass sustainability requirements. Drax supports these developments and will continue to engage with the UK Government on the implementation of any future reporting requirements.

Will Gardiner
CEO
26 February 2025

CFO's financial review

Adjusted EBITDA	Adjusted operating profit	Total operating profit	Cash generated from operations
£1,064m	£800m	£850m	£1,135m
(2023: £1,009m)	(2023: £782m)	(2023: £908m)	(2023: £1,111m)
Adjusted basic earnings per share	Total basic earnings per share	Net debt[(1)]: Adjusted EBITDA	Total dividend per share
128.4 pence	137.5 pence	0.9 times	26.0 pence
(2023: 119.6 pence)	(2023: 142.8 pence)	(2023: 1.2 times)	(2023: 23.1 pence)

		Year end 31 December	
		2024	2023
Financial performance (£m)	**Total gross profit**	**1,877**	1,954
	Operating expenses	**(721)**	(712)
	Impairment losses on financial assets	**(40)**	(33)
	Depreciation and amortisation	**(242)**	(225)
	Impairment of non-current assets and Other	**(24)**	(76)
	Total operating profit	**850**	908
	Exceptional costs and certain remeasurements	**(50)**	(127)
	Adjusted operating profit	**800**	782
	Adjusted depreciation, amortisation and similar charges and share of losses from associates	**264**	228
	Adjusted EBITDA	**1,064**	1,009
Capital expenditure (£m)	Capital expenditure	**332**	519
Cash and Net debt (£m unless otherwise stated)	Cash generated from operations	**1,135**	1,111
	Net debt[(1)]	**992**	1,220
	Net debt to Adjusted EBITDA (times)	**0.9**	1.2
	Cash and committed facilities	**806**	639
Earnings (pence per share)	Adjusted basic	**128.4**	119.6
	Total basic	**137.5**	142.8
Distributions (pence per share)	Interim dividend	**10.4**	9.2
	Proposed final dividend	**15.6**	13.9
	Total dividend	**26.0**	23.1

Throughout this document we distinguish between Adjusted measures and Total measures, which are calculated in accordance with International Financial Reporting Standards (IFRS). We calculate Adjusted financial performance measures, which exclude income statement volatility from derivative financial instruments and the impact of exceptional items. This allows management and stakeholders to better compare the performance of the Group between the current and previous period without the effects of this volatility and one-off or non-operational items. Adjusted financial performance measures are described in more detail in the APMs glossary, with a reconciliation to their closest IFRS equivalents in note 3. Tables in this financial review may not add down or across due to rounding.

(1) Net debt was historically defined excluding lease liabilities, as this mirrored the treatment in the Group's covenant calculations. However, recent facilities have had covenants which incorporate net debt including lease liabilities. Therefore, we now calculate Net debt including lease liabilities, and Net debt including lease liabilities to Adjusted EBITDA. Net debt excluding lease liabilities at 31 December 2024 was £876 million (31 December 2023: £1,084 million).

Introduction
Adjusted EBITDA of £1,064 million was an increase of 5% compared to 2023 (£1,009 million). This contributed to cash from operations of £1,135 million, a slight increase on 2023 (£1,111 million). Our Net debt[(1)]: Adjusted EBITDA ratio of 0.9 times (2023: 1.2 times) is significantly below our long-term target of around 2 times.

While Adjusted operating profit grew from £782 million in 2023 to £800 million in 2024, Total operating profit in 2024 was £850 million (2023: £908 million). Total operating profit includes non-cash mark-to-market reductions in forward commodity contracts.

Our capital allocation policy remains focused on balance sheet strength, investment in the core business, a sustainable and growing dividend and, to the extent there are residual cash flows beyond the current needs of the Group, additional returns to shareholders.

During 2024 we put in place over £1 billion of new longer dated debt and credit facilities, significantly extending the Group's average maturity profile beyond 2027. Net debt reduced by £228 million after increasing returns to shareholders, reducing gross debt and investing £332 million in capital expenditure in the core business. We grew the dividend by 12.6% and, with capital in excess of the Group's current investment requirements, in August 2024 commenced a share buyback programme for the purchase of up to £300 million of Drax shares over a two-year period.

Financial performance
Adjusted EBITDA by segment
FlexGen & Energy Solutions
Adjusted EBITDA in our FlexGen business of £138 million reduced compared to 2023 (£230 million). Our Cruachan pumped storage power station, as well as the run-of-river hydro assets at Lanark and Galloway performed strongly, with increased generation output compared to 2023. The first quarter of 2023 included significant benefit achieved through forward selling higher peak power and buying back lower off-peak power.

Adjusted EBITDA in Energy Solutions of £51 million (2023: £72 million) comprised Adjusted EBITDA of £81 million from our core I&C and renewables services business (2023: £102 million) and a loss of £30 million from the non-core SME business (Opus) (2023: a loss of £30 million).

I&C and renewables services earnings reflect a consistent margin on contracted power prices.

Most of the meter points in the SME business were sold in Q3 2024. Further information can be found in 'Other information' below. Losses continued in 2024, but have been mitigated by the sale of the meters.

We continue to target greater than £250 million of Adjusted EBITDA from our FlexGen & Energy Solutions business post-2027. Delivery of this target is dependent on expected growth from the existing business, combined with the contribution of OCGT assets under construction, and the Cruachan units 3 and 4 refurbishment which is ongoing. The 2024 performance of the existing business was in line with the delivery of this target.

Pellet Production
Adjusted EBITDA of £143 million grew 61% from 2023 (£89 million). The Pellet Production business produced 4.0Mt (2023: 3.8Mt) and shipped 5.1Mt (2023: 4.6Mt) at a higher average margin per tonne. Of the 5.1Mt shipped, 3.0Mt was to Drax Power Station (2023: 2.1Mt). The Pellet Production business purchased 1.1Mt of third party pellets during 2024 (2023: 0.9Mt).

We continue to target greater than £250 million of Adjusted EBITDA from our Pellet Production business post-2027. We expect delivery of this target will be supported by renewal of legacy, lower margin contracts and sales into new markets, such as SAF.

Biomass Generation
Adjusted EBITDA from Biomass Generation was £814 million, a 16% increase on 2023 (£703 million). Drax Power Station produced 14.6TWh (2023: 11.5TWh) of electricity, providing dispatchable, renewable generation when the grid needed it most. This result is inclusive of a £25 million cost in relation to the closure of the Ofgem investigation. Details of both the biomass output and Ofgem investigation are included in the CEO's review.

Options for growth (Innovation, Capital Projects, and Other)
Development expenditure of £81 million was slightly below 2023 (£85 million). Of this total, £47 million related to Elimini (Global BECCS) (2023: £57 million). Spending on UK BECCS was minimised as we await clarity from the UK Government on next steps.

Total operating profit
Total operating profit of £850 million represents a 6% decrease from 2023 (£908 million), predominantly driven by a £91 million change in certain remeasurements, which are not included in Adjusted EBITDA. This change was attributable to gas prices and foreign exchange movements. The Exceptional items value in Operating expenses in 2024 relate to the sale of the SME customer book, as described in 'Other information' (2023: impairment of Opus Energy, net credit from legal claim and change in fair value of contingent consideration). These transactions had an immaterial net cashflow impact. Further information on Exceptional items and certain remeasurements can be found in note 3 (Alternative performance measures).

Depreciation and amortisation of £242 million is above 2023 (£225 million), driven by an increase in the Pellet Production and Biomass Generation segments.

Profit after tax and Earnings per share
Total net finance costs for 2024 were £97 million (2023: £112 million). The reduction of £15 million is because of higher interest receivable as more cash was held at higher rates, a one-off gain on repayment of debt, and lower absolute levels of facilities through 2024, partially offset by higher interest rates on the new debt. At 31 December 2024 the weighted average interest rate payable on the Group's borrowings was 5.4% (31 December 2023: 4.8%).

The effective tax rate of 30% was in line with 2023 (30%). This includes the impact of the Electricity Generator Levy (EGL) (which is not allowable for corporation tax purposes) and one-off non-cash revaluations of deferred tax balances, partially offset by benefits from patent box and research and development credits. The impact of EGL was an increase to the effective tax rate of 5% (2023: 6%).

Adjusted basic EPS was 128.4 pence (2023: 119.6 pence) and Total basic EPS was 137.5 pence (2023: 142.8 pence). The average number of shares used in deriving these calculations was 383.2 million (2023: 393.8 million). The number of outstanding shares at 31 December 2024 was 369.9 million, a 4% reduction on 31 December 2023 (384.7 million), reflecting the ongoing share buyback.

Capital allocation

Maintain credit rating
In 2024 the Group secured over £1 billion of new debt and facilities and extended the average maturity date post 2027. In 2024, Net debt reduced by over £200 million.

During the second quarter of 2024, the Group's Issuer Credit Ratings were reaffirmed as 'BB+' by Fitch and S&P

and as 'BBB (low)' by DBRS, with a Stable Outlook in each case.

Invest in core business - capital expenditure
Capital expenditure of £332 million consists of £212 million of growth expenditure, £83 million of maintenance, and £37 million of Other (including HSE and IT). Of the £212 million of growth expenditure, £90 million related to the OCGTs (2023: £189 million) and £64 million to Pellet Production capacity expansion (2023: £76 million), mainly on the Longview site. We capitalised £34 million in relation to the upgrade of Cruachan units 3 and 4 (2023: £nil) and capitalised spend on UK BECCS was £4 million (2023: £18 million).

Further information on the OCGT commissioning dates, and the steps required before the Group would increase investment in UK BECCS, can be found in the CEO's review.

Sustainable and growing dividend
The Group is committed to paying a growing and sustainable dividend. On 25 July 2024, the Board resolved to pay an interim dividend for the six months ended 30 June 2024 of 10.4 pence per share, representing 40% of the expected full year dividend. The interim dividend was paid on 25 October 2024.

At the Annual General Meeting on 1 May 2025, the Board will seek shareholder approval to pay a final dividend for the year ended 31 December 2024 of 15.6 pence per share. If approved, the final dividend will be paid on 16 May 2025, with a record date of 25 April 2025.

Taken together with the interim dividend, this would give a total dividend for 2024 of 26.0 pence per share. This is a 12.6% increase on 2023 and represents sustainable growth in accordance with our capital allocation policy.

Return surplus capital beyond investment requirements
In August 2024, in line with our capital allocation policy and reflecting a strong balance sheet, current investment requirements, and the dilution expected from share schemes vesting, we commenced a share buyback programme for the purchase of up to £300 million of Drax shares over a two-year period. Up to 26 February 2025 we had purchased over 23 million shares for c.£150 million.

Cash and Net debt

Net cash movements
Operating cash flows before movements in working capital of £1,013 million is in line with 2023 (£1,013 million). Cash generated from operations, inclusive of working capital, was £1,135 million (2023: £1,111 million). The net decrease in cash and cash equivalents during 2024 was £22 million (2023: £146 million increase).

The net working capital inflow of £122 million was broadly in line with the prior year (£108 million). The main movements in 2024 were outflows on renewable certificates of £248 million and payables of £143 million being offset by an inflow of £392 million on receivables, attributable to lower power prices at the end of 2024 compared to 2023.

Cash outflows on purchases of property, plant and equipment and intangibles of £388 million were more than the amount capitalised of £332 million mainly because of timing of payments in relation to the construction of the three OCGT developments.

Financing activities related to principal drawdowns and repayments of borrowings showed a net outflow of £217 million.

Liquidity

	31 December 2024 £m	31 December 2023 £m
Cash and cash equivalents	**356**	380
RCF available but not utilised	**450**	260
Cash and committed facilities	**806**	639

Cash and committed facilities at 31 December 2024 provided substantial headroom over our short-term liquidity requirements.

No cash has been drawn under our revolving credit facilities (RCF) since at least 2020. At 31 December 2024 there were no balances drawn as letters of credit under the RCF (31 December 2023: £46 million).

At 31 December 2024, the Group held net cash collateral of £5 million (31 December 2023: £79 million posted). This will be returned by the Group as the associated contracts mature. Depending on market movements, collateral may need to be posted in future by the Group.

Net debt and Net debt to Adjusted EBITDA

	31 December 2024 £m	31 December 2023 £m
Cash and cash equivalents	**356**	380
Current borrowings	**(119)**	(264)
Non-current borrowings	**(1,058)**	(1,161)
Impact of hedging instruments and NCI	**(55)**	(38)
Lease liabilities	**(117)**	(136)
Net debt	**(992)**	(1,220)
Adjusted EBITDA	**1,064**	1,009
Net debt to Adjusted EBITDA	**0.9**	1.2

Net debt to Adjusted EBITDA is significantly below the Group's long-term target of around 2 times.

Other information

Sale of SME customer book
In September 2024, the Group completed the asset sale of the majority of the Opus Energy customer meter points. Over the past seven years the renewables business holding the Group's Power Purchase Agreements with renewable generators, and certain other customers acquired with the Opus Energy business in 2017, have been transferred to Drax Energy Solutions.

There is no change to the Group's FlexGen & Energy Solutions Adjusted EBITDA expectations because of this process.

This transaction resulted in an exceptional item netting to a cost of £60 million.

Further information is set out in note 3 (Alternative Performance Measures).

Going concern and viability
The Group's financial performance in 2024 was strong, delivering improved profitability and a lower ratio of Net debt to Adjusted EBITDA, which remains significantly below the Group's long-term target of around 2 times. Following the refinancing activity during 2024, the Group's debt maturities have been extended, with a significant proportion now beyond April 2027, and significant liquidity headroom is available from existing facilities.

The Group refreshes its business plan and forecasts throughout the year, including scenario modelling designed to test the resilience of the Group's financial position and performance to several possible downside cases. Based on its review of the latest forecast, the Board is satisfied that the Group has sufficient headroom in its cash and committed facilities and covenants headroom, combined with available mitigating actions, to be able to meet its liabilities as they fall due across a range of scenarios. Consequently, the Directors have a reasonable expectation that the Group will continue in existence for a period of at least twelve months from the date of the approval of the financial statements and have therefore adopted the going concern basis of preparation. Further, the Directors have a reasonable expectation that the Group will be able to continue in operation over the five-year period of the viability assessment.

Andy Skelton
CFO
26 February 2025

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and United Kingdom adopted International Accounting Standards and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), set out in FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model, and strategy.

This responsibility statement was approved by the Board of Directors on 26 February 2025 and is signed on its behalf by:

Will Gardiner
CEO

Consolidated financial statements

Consolidated income statement

	Year ended 31 December 2024	Year ended 31 December 2023

	Notes	Adjusted results[2] £m	Exceptional items and certain remeasure-ments £m	Total results £m	Restated[1] Adjusted results[2] £m	Exceptional items and certain remeasure-ments £m	Restated[1] Total results £m
		Year ended 31 December 2024			Year ended 31 December 2023		
Revenue	2	**6,081.2**	**81.3**	**6,162.5**	7,450.3	282.9	7,733.2
Cost of sales		**(4,130.1)**	**4.9**	**(4,125.2)**	(5,492.3)	(82.7)	(5,575.0)
Electricity Generator Levy		**(160.8)**	**-**	**(160.8)**	(204.6)	-	(204.6)
Gross profit		**1,790.3**	**86.2**	**1,876.5**	1,753.4	200.2	1,953.6
Operating and administrative expenses		**(698.5)**	**(22.1)**	**(720.6)**	(711.7)	-	(711.7)
Impairment losses on financial assets		**(27.3)**	**(12.7)**	**(40.0)**	(32.5)	-	(32.5)
Depreciation		**(224.8)**	**-**	**(224.8)**	(195.6)	-	(195.6)
Amortisation		**(17.0)**	**-**	**(17.0)**	(29.4)	-	(29.4)
Impairment of non-current assets		**(11.8)**	**(2.6)**	**(14.4)**	(1.7)	(69.1)	(70.8)
Other (losses)/gains		**(8.5)**	**1.2**	**(7.3)**	0.7	(4.5)	(3.8)
Share of losses from associates		**(2.2)**	**-**	**(2.2)**	(1.6)	-	(1.6)
Operating profit		**800.2**	**50.0**	**850.2**	781.6	126.6	908.2
Foreign exchange (losses)/gains		**(9.4)**	**-**	**(9.4)**	(14.3)	4.9	(9.4)
Interest payable and similar charges		**(106.9)**	**(0.6)**	**(107.5)**	(115.2)	(0.3)	(115.5)
Interest receivable and similar gains		**20.1**	**-**	**20.1**	13.1	-	13.1
Profit before tax		**704.0**	**49.4**	**753.4**	665.2	131.2	796.4
Tax:							
Before effect of changes in tax rate		**(213.0)**	**(14.9)**	**(227.9)**	(195.2)	(37.3)	(232.5)
Effect of changes in tax rate		**-**	**-**	**-**	(0.6)	(2.4)	(3.0)
Total tax charge		**(213.0)**	**(14.9)**	**(227.9)**	(195.8)	(39.7)	(235.5)
Profit for the period		**491.0**	**34.5**	**525.5**	469.4	91.5	560.9
Attributable to:							
Owners of the parent company		**492.1**	**34.5**	**526.6**	470.7	91.5	562.2
Non-controlling interests		**(1.1)**	**-**	**(1.1)**	(1.3)	-	(1.3)

Earnings per share:		**Pence**		**Pence**	Pence		Pence
For net profit for the period attributable to owners of the parent company							
- Basic		**128.4**		**137.5**	119.6		142.8
- Diluted		**126.0**		**134.8**	116.8		139.5

(1) The year ended 31 December 2023 amounts above have been restated to reflect the Group's revised application of the agent requirements of IFRS 15 to sleeved electricity trades.

(2) Adjusted results are stated after adjusting for exceptional items and certain remeasurements. See note 3 for further details.

Consolidated statement of comprehensive income

	Notes	2024 £m	Restated[1] 2023 £m
		Year ended 31 December	
Profit for the period		**525.5**	560.9
Items that will not be subsequently reclassified to profit or			

Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme		**5.5**	(28.8)
Deferred tax on remeasurement of defined benefit pension scheme		**(1.3)**	7.2
Gains on equity investments		**-**	0.4
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations attributable to owners of the parent company	6	**(6.6)**	(10.3)
Exchange differences on translation of foreign operations attributable to non-controlling interests		**(0.8)**	(0.4)
Net fair value losses on financial assets at fair value through other comprehensive income		**(25.5)**	(25.0)
Net fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss		**25.5**	25.0
Net fair value gains on cost of hedging		**6.8**	7.5
Deferred tax on cost of hedging		**(1.7)**	(1.9)
Net fair value (losses)/gains on cash flow hedges		**(49.0)**	266.5
Net (losses)/gains on cash flow hedges reclassified to profit or loss		**(242.9)**	256.1
Deferred tax on cash flow hedges		**73.0**	(130.7)
Other comprehensive (expense)/income		**(217.0)**	365.6
Total comprehensive income for the year		**308.5**	926.5
Attributable to:			
Owners of the parent company		**310.4**	928.2
Non-controlling interests		**(1.9)**	(1.7)

(1) The Group has restated comparatives for the year ended 31 December 2023 to reclassify certain amounts from "items that will not subsequently be reclassified to profit or loss" to "items that may subsequently be reclassified to profit or loss", and to present gross the fair value losses on financial assets at fair value through other comprehensive income and their subsequent reclassification to profit or loss.

Consolidated balance sheet

		As at 31 December	
	Notes	**2024 £m**	2023 £m
Assets			
Non-current assets			
Goodwill		**415.1**	416.7
Intangible assets		**68.1**	81.5
Property, plant and equipment		**2,802.0**	2,698.8
Right-of-use assets		**100.9**	122.2
Investments		**3.6**	8.9
Retirement benefit surplus		**24.7**	18.4
Deferred tax assets		**48.6**	52.9
Derivative financial instruments		**81.7**	293.6
		3,544.7	3,693.0
Current assets			
Inventories		**302.0**	328.4
Renewable certificate assets	4	**540.0**	292.2
Trade and other receivables and contract assets		**470.3**	976.9
Derivative financial instruments		**175.6**	368.4
Cash and cash equivalents		**356.0**	379.5
		1,843.9	2,345.4
Liabilities			
Current liabilities			
Trade and other payables and contract liabilities		**(1,289.1)**	(1,539.6)
Lease liabilities		**(26.0)**	(25.1)

Current tax liabilities		**(9.6)**	(20.6)
Borrowings		**(119.0)**	(264.2)
Provisions		**(20.2)**	(6.6)
Derivative financial instruments		**(71.1)**	(231.6)
		(1,535.0)	(2,087.7)
Net current assets		**308.9**	257.7
Non-current liabilities			
Borrowings		**(1,057.7)**	(1,161.1)
Lease liabilities		**(90.5)**	(110.7)
Provisions		**(75.7)**	(72.2)
Deferred tax liabilities		**(280.4)**	(317.1)
Derivative financial instruments		**(262.2)**	(306.6)
		(1,766.5)	(1,967.7)
Net assets		**2,087.1**	1,983.0
Shareholders' equity			
Issued equity	6	**49.4**	49.1
Share premium	6	**443.8**	441.2
Hedge reserve		**(7.9)**	207.4
Cost of hedging reserve		**6.9**	18.7
Other reserves	6	**467.0**	588.2
Retained profits		**1,118.1**	666.4
Total equity attributable to owners of the parent company		**2,077.3**	1,971.0
Non-controlling interests		**9.8**	12.0
Total shareholders' equity		**2,087.1**	1,983.0

The Consolidated financial statements of Drax Group plc, registered number 5562053, were approved and authorised for issue by the Board of Directors on 26 February 2025.

Signed on behalf of the Board of Directors:

Andy Skelton
CFO

Consolidated statement of changes in equity

	Issued equity £m	Share premium £m	Hedge reserve £m	Cost of hedging £m	Other reserves £m	Retained profits £m	Non-controlling interests £m	Total £m
At 1 January 2023	47.9	433.3	(152.0)	40.1	747.7	193.8	13.4	1,324.2
Profit/(loss) for the year	-	-	-	-	-	562.2	(1.3)	560.9
Other comprehensive income/(expense)	-	-	391.9	5.6	(10.3)	(21.2)	(0.4)	365.6
Total comprehensive income/(expense) for the year	-	-	391.9	5.6	(10.3)	541.0	(1.7)	926.5
Equity dividends paid	-	-	-	-	-	(86.3)	-	(86.3)
Issue of share capital (note 6)	1.2	7.9	-	-	-	-	-	9.1
Distributions from non-controlling interests	-	-	-	-	-	-	0.3	0.3
Repurchase of own shares	-	-	-	-	(149.2)	-	-	(149.2)
Total transactions with the owners in their capacity as owner	1.2	7.9	-	-	(149.2)	(86.3)	0.3	(226.1)
Movements on cash flow hedges released directly from equity	-	-	(43.4)	-	-	-	-	(43.4)
Deferred tax on cash flow hedges released directly from equity	-	-	10.9	-	-	-	-	10.9
Movements on cost of hedging released directly from equity	-	-	-	(36.0)	-	-	-	(36.0)
Deferred tax on cost of hedging released directly from equity	-	-	-	9.0	-	-	-	9.0

Movement in equity associated with share based payments	-	-	-	-	-	13.4	-	13.4
Tax on share-based payments released directly from equity	-	-	-	-	-	4.5	-	4.5
At 1 January 2024	**49.1**	**441.2**	**207.4**	**18.7**	**588.2**	**666.4**	**12.0**	**1,983.0**
Profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**526.6**	**(1.1)**	**525.5**
Other comprehensive (expense)/income	**-**	**-**	**(218.9)**	**5.1**	**(6.6)**	**4.2**	**(0.8)**	**(217.0)**
Total comprehensive (expense)/income for the year	**-**	**-**	**(218.9)**	**5.1**	**(6.6)**	**530.8**	**(1.9)**	**308.5**
Equity dividends paid	**-**	**-**	**-**	**-**	**-**	**(93.5)**	**-**	**(93.5)**
Issue of share capital (note 6)	**0.3**	**2.6**	**-**	**-**	**-**	**-**	**-**	**2.9**
Contributions to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Repurchase of own shares	**-**	**-**	**-**	**-**	**(115.4)**	**-**	**-**	**(115.4)**
Total transactions with the owners in their capacity as owner	**0.3**	**2.6**	**-**	**-**	**(115.4)**	**(93.5)**	**(0.3)**	**(206.3)**
Movements on cash flow hedges released directly from equity	**-**	**-**	**4.8**	**-**	**-**	**-**	**-**	**4.8**
Deferred tax on cash flow hedges released directly from equity	**-**	**-**	**(1.2)**	**-**	**-**	**-**	**-**	**(1.2)**
Movements on cost of hedging released directly from equity	**-**	**-**	**-**	**(22.6)**	**-**	**-**	**-**	**(22.6)**
Deferred tax on cost of hedging released directly from equity	**-**	**-**	**-**	**5.7**	**-**	**-**	**-**	**5.7**
Movement in equity associated with share based payments	**-**	**-**	**-**	**-**	**0.8**	**13.0**	**-**	**13.8**
Tax on share-based payments released directly from equity	**-**	**-**	**-**	**-**	**-**	**1.4**	**-**	**1.4**
At 31 December 2024	**49.4**	**443.8**	**(7.9)**	**6.9**	**467.0**	**1,118.1**	**9.8**	**2,087.1**

Consolidated cash flow statement

		Year ended 31 December	
	Notes	**2024 £m**	2023 £m
Cash generated from operations	5	**1,135.1**	1,111.0
Income taxes paid		**(193.6)**	(180.0)
Interest paid		**(99.5)**	(106.1)
Interest received		**17.5**	10.7
Net cash from operating activities		**859.5**	835.6
Cash flows from investing activities			
Purchases of property, plant and equipment		**(379.8)**	(429.8)
Purchases of intangible assets		**(7.7)**	(11.3)
Proceeds from the sale of property, plant and equipment		**0.5**	-
Acquisition of businesses net of cash acquired		**-**	(9.0)
Purchases of equity in associates		**-**	(1.7)
Contributions to associates		**(2.9)**	-
Net cash used in investing activities		**(389.9)**	(451.8)
Cash flows from financing activities			
Equity dividends paid		**(93.5)**	(86.3)
(Contributions to)/distributions from non-controlling interests		**(0.1)**	0.3
Proceeds from issue of share capital		**2.7**	8.6
Repurchase of own shares		**(115.4)**	(149.2)
Drawdown of borrowings		**731.8**	140.0
Repayment of borrowings		**(949.2)**	(125.3)

Gross receipt of financing derivatives	**198.3**	-
Gross payment of financing derivatives	**(229.8)**	-
Payment of principal of lease liabilities	**(27.4)**	(25.8)
Other financing costs paid	**(9.0)**	(0.2)
Net cash absorbed by financing activities	**(491.6)**	(237.9)
Net (decrease)/increase in cash and cash equivalents	**(22.0)**	145.9
Cash and cash equivalents at 1 January	**379.5**	238.0
Effect of changes in foreign exchange rates	**(1.5)**	(4.4)
Cash and cash equivalents at 31 December	**356.0**	379.5

Non-cash transactions recognised in the Consolidated income statement are reconciled to operating cash flows as part of the disclosure provided in note 5. Further details of the cash flow impact of exceptional items can be found in note 3.

This preliminary announcement was approved by the board of directors on 26 February 2025. The financial information contained in this preliminary announcement does not comprise the statutory accounts of the Group, as defined in section 434 of the Companies Act 2006, for the years ended 31 December 2024 or 31 December 2023. Statutory accounts of the Group for the year ended 31 December 2023 have been reported on by the Group's auditor and have been delivered to the Registrar of Companies. The accounts for the year ended 31 December 2024 will be delivered in due course. The reports of the auditor on both the years ended 31 December 2024 and 31 December 2023 were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their reports; and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

1 Segmental reporting

Reportable segments are presented in a manner consistent with internal reporting provided to the chief operating decision maker which is considered to be the Board. In 2024, the way the Board reviews the performance of the Group has changed. The Generation segment, that was previously presented as one segment, was separated into two segments, being Biomass Generation and Flexible Generation. This was to enable the Board to be able to separately review the performance of Biomass Generation and Flexible Generation and monitor their performance against individual strategic targets. Biomass Generation consists of generation from the four biomass generation units at Drax Power Station. Flexible Generation includes the pumped storage generation at Cruachan, the run-of-river hydro generation at Lanark and Galloway, open-cycle gas turbine (OCGT) generation at the three OCGT sites (Hirwaun, Millbrook and Progress), and waste-derived pellet production at Daldowie. Also in 2024, the Customers segment was renamed Energy Solutions.

Following these changes the Group is organised into four businesses. The Board reviews the performance of each of these businesses separately, and each represents a reportable segment:

- Pellet Production: production and subsequent sale of biomass pellets from the Group's processing facilities in North America
- Biomass Generation: generation and sale of electricity from biomass assets in the UK
- Flexible Generation: generation and sale of electricity from pumped storage, run-of-river hydro and OCGTs assets, and the processing and sale of waste-derived pellets, in the UK
- Energy Solutions (previously Customers): supply of electricity to non-domestic customers in the UK

Operating costs that can be reasonably allocated to the activities of a reportable segment are included within the results of that reportable segment. Central corporate and commercial functions provide certain specialist and shared services, including optimisation of the Group's positions. Central corporate and commercial function costs that cannot be reasonably allocated to the activities of a reportable segment are included within Innovation, capital projects and other. Innovation, capital projects and other is not a reportable segment as it does not earn revenues, however it is included in the information presented below to enable reconciliation of the segmental amounts presented to the consolidated IFRS results recognised in these Consolidated financial statements.

Given the principal activity of the Group is a generator and seller of electricity, the Consolidated income statement includes all revenue from sales of electricity during the period. Where electricity is purchased rather than generated to fulfil a sale, either due to operational or other requirements, the cost of this purchase is recorded within cost of sales.

When defining gross profit within the Consolidated financial statements, the Group follows the principal trading considerations applied by its Pellet Production, Biomass Generation, Flexible Generation and Energy Solutions businesses when making a sale. In respect of the Pellet Production business, this reflects the direct costs of production, being fibre, fuel and drying costs, direct freight and port costs, or third-party pellet purchases. In respect of the Biomass Generation and Flexible Generation businesses, this reflects the direct costs of the commodities required to generate power or the direct cost of purchasing power, the relevant grid connection costs that arise, and Electricity Generator Levy (EGL) arising on applicable renewable and low-carbon generation. In respect of the Energy Solutions business, this reflects the direct costs of supply, being the costs of the power or gas supplied, together with costs levied on suppliers such as network costs, broker costs and renewables incentive mechanisms.

Accordingly, cost of sales excludes indirect overheads and staff costs (presented within operating and administrative expenses), and depreciation (presented separately on the face of the Consolidated income statement).

The accounting policies applied for the purpose of measuring the reportable segments' profits or losses, assets and liabilities are the same as those used in measuring the corresponding amounts in the Consolidated financial statements.

EGL applies to the Group's three biomass units operating under the Renewables Obligation (RO) scheme and its run-of-river hydro operations. It does not apply to the Group's Contract for Difference (CfD) biomass unit or its pumped storage hydro operations. The EGL applies at a rate of 45% to receipts from in-scope forms of wholesale electricity generation that exceed a defined benchmark level, after the deduction of certain allowable costs, from 1 January 2023 to 31 March 2028.

The Group has determined that it should be treated as a levy under IFRIC 21 'Levies', rather than as a tax under IAS 12 'Income taxes'. Therefore, the cost is recognised above gross profit. A liability for a levy is recognised once the obligating event, being the activity that triggers the payment of the levy, has occurred. EGL is triggered based on average generation receipts for in-scope revenue schemes over a reporting period being higher than the threshold set in the legislation. A liability is recognised if the average actual generation receipts to date in a financial period are above the threshold. The threshold rises annually in April, in line with the UK Consumer Price Index (CPI). The threshold at 31 December 2024 was £77.94 (2023: £75.00). The assessment is based on receipts above this threshold after adjusting for allowable costs.

Seasonality of trading

Seasonality of trading
The primary activities of the Group are affected by seasonality. Demand in the UK for electricity is typically higher in the winter period (October to March) when temperatures are lower, which drives higher prices and higher levels of generation. Conversely, demand is typically lower in the summer months (April to September) when temperatures are milder, and therefore prices and levels of generation are generally lower.

This trend is experienced by all of the Group's UK-based businesses, as they operate within the UK electricity market. It is most notable within the Biomass Generation business due to its scale and the flexible operation of its thermal generation plant.

The Pellet Production business incurs certain costs that are higher in winter months due to the impact of weather conditions, such as fibre drying costs and heating costs. Production volumes and margins are typically higher in the summer months. The business is protected from demand fluctuations due to seasonality by regular production and dispatch schedules under its contracts with customers, both intra-group and externally.

Segment revenues and results
The following is an analysis of the Group's performance by reportable segment and any other information necessary to enable reconciliation to the Group's total IFRS results recognised for the year ended 31 December 2024. Revenue for each segment is split between sales to external parties and inter-segment sales. Inter-segment sales are eliminated in the intra-group eliminations column along with any adjustments required for unrealised profits (primarily inventory purchased by the Biomass Generation segment from the Pellet Production segment that is still held as inventory at the reporting date).

Adjusted EBITDA by reportable segment is presented in note 3.

	Year ended 31 December 2024								
	Pellet Production £m	Biomass Generation £m	Flexible Generation £m	Energy Solutions £m	Innovation, capital projects and other £m	Intra-group eliminations £m	Adjusted results £m	Exceptional items and certain remeasure-ments £m	Total results £m
Revenue									
External sales	**340.1**	**1,880.7**	**74.3**	**3,786.1**	**-**	**-**	**6,081.2**	**81.3**	**6,162.5**
Inter-segment sales	**602.0**	**3,040.0**	**148.5**	**-**	**-**	**(3,790.5)**	**-**	**-**	**-**
Total revenue	**942.1**	**4,920.7**	**222.8**	**3,786.1**	**-**	**(3,790.5)**	**6,081.2**	**81.3**	**6,162.5**
Cost of sales	**(562.1)**	**(3,685.5)**	**(46.2)**	**(3,625.0)**	**-**	**3,788.7**	**(4,130.1)**	**4.9**	**(4,125.2)**
Electricity Generator Levy	**-**	**(150.2)**	**(10.6)**	**-**	**-**	**-**	**(160.8)**	**-**	**(160.8)**
Gross profit	**380.0**	**1,085.0**	**166.0**	**161.1**	**-**	**(1.8)**	**1,790.3**	**86.2**	**1,876.5**
Operating and administrative expenses	**(236.7)**	**(268.6)**	**(28.4)**	**(85.5)**	**(78.1)**	**(1.2)**	**(698.5)**	**(22.1)**	**(720.6)**
Impairment losses on financial assets	**-**	**(2.9)**	**-**	**(24.4)**	**-**	**-**	**(27.3)**	**(12.7)**	**(40.0)**
Depreciation	**(102.7)**	**(97.7)**	**(17.1)**	**(0.7)**	**(5.8)**	**(0.8)**	**(224.8)**	**-**	**(224.8)**
Amortisation	**(4.5)**	**(2.9)**	**-**	**(7.3)**	**(2.3)**	**-**	**(17.0)**	**-**	**(17.0)**
Impairment of non-current assets	**(3.3)**	**(0.1)**	**-**	**-**	**(8.4)**	**-**	**(11.8)**	**(2.6)**	**(14.4)**
Other (losses)/gains	**(4.1)**	**(4.6)**	**0.2**	**-**	**-**	**-**	**(8.5)**	**1.2**	**(7.3)**
Share of losses from associates	**(1.3)**	**-**	**-**	**-**	**(0.9)**	**-**	**(2.2)**	**-**	**(2.2)**
Operating profit/(loss)	**27.4**	**708.2**	**120.7**	**43.2**	**(95.5)**	**(3.8)**	**800.2**	**50.0**	**850.2**

Further information on the main revenue streams of each segment is presented in note 2.

The following is an analysis of the Group's performance by reportable segment for the year ended 31 December 2023:

	Year ended 31 December 2023								
	Pellet Production £m	Restated(1)(2) Biomass Generation £m	Restated(1) Flexible Generation £m	Energy Solutions £m	Innovation, capital projects and other £m	Restated(1) Intra-group eliminations £m	Restated(2) Adjusted results £m	Exceptional items and certain remeasure-ments £m	Restated(2) Total results £m
Revenue									
External sales	397.8	2,011.4	82.8	4,958.3	-	-	7,450.3	282.9	7,733.2
Inter-segment sales	424.6	4,391.5	298.3	-	-	(5,114.4)	-	-	-
Total revenue	822.4	6,402.9	381.1	4,958.3	-	(5,114.4)	7,450.3	282.9	7,733.2
Cost of sales	(511.8)	(5,216.9)	(100.8)	(4,763.3)	-	5,100.5	(5,492.3)	(82.7)	(5,575.0)
Electricity Generator Levy	-	(181.4)	(23.2)	-	-	-	(204.6)	-	(204.6)
Gross profit	310.6	1,004.6	257.1	195.0	-	(13.9)	1,753.4	200.2	1,953.6
Operating and administrative expenses	(221.7)	(301.3)	(26.9)	(90.7)	(78.1)	7.0	(711.7)	-	(711.7)

Impairment losses on financial assets	-	-	-	(32.5)	-	-	(32.5)	-	(32.5)
Depreciation	(89.3)	(84.6)	(15.9)	(0.9)	(2.7)	(2.2)	(195.6)	-	(195.6)
Amortisation	(4.7)	(2.5)	-	(21.6)	(0.6)	-	(29.4)	-	(29.4)
Impairment of non-current assets	(2.8)	-	1.1	-	-	-	(1.7)	(69.1)	(70.8)
Other gains/(losses)	0.5	0.2	-	-	-	-	0.7	(4.5)	(3.8)
Share of (losses)/profits from associates	(1.7)	-	-	-	0.1	-	(1.6)	-	(1.6)
Operating (loss)/profit	(9.1)	616.4	215.4	49.3	(81.3)	(9.1)	781.6	126.6	908.2

(1) Comparative amounts have been restated to reflect the updated presentation of reporting Biomass Generation and Flexible Generation separately. See above for further details of the change in reportable segments.
(2) Amounts have been restated to reflect the Group's revised application of the agent requirements of IFRS 15 to sleeved electricity trades. This restatement wholly relates to the Biomass Generation segment.

Capital expenditure by reportable segment
Assets and working capital are monitored on a consolidated basis; however, capital expenditure is monitored by segment.

	Additions to intangible assets		Additions to property, plant and equipment	
At 31 December	**2024 £m**	Restated(1) 2023 £m	**2024 £m**	Restated(1) 2023 £m
Pellet Production	**-**	-	**104.8**	163.0
Biomass Generation	**0.5**	1.9	**72.5**	129.9
Flexible Generation	**-**	-	**139.4**	203.5
Energy Solutions	**3.8**	2.7	**0.3**	0.2
Innovation, capital projects and other	**2.6**	5.3	**8.5**	12.6
Total	**6.9**	9.9	**325.5**	509.2

(1) Comparative amounts have been restated to reflect the updated presentation of reporting Biomass Generation and Flexible Generation separately. See above for further details of the change in reportable segments.

Total cash outflows in relation to capital expenditure during the year were £387.5 million (2023: £441.1 million). In the current year, the cash outflow in relation to property, plant and equipment is higher than the cost capitalised, predominantly as a result of a decrease in creditors relating to capital expenditure compared to the prior year.

Intra-group trading
Intra-group transactions are carried out at management's best estimate of arm's-length, commercial terms that, where possible, equate to market prices. During 2024, the Pellet Production segment sold biomass pellets and provided associated services with a total value of £602.0 million (2023: £424.6 million) to the Biomass Generation segment and the Biomass Generation segment sold electricity, gas and renewable certificate assets with a total value of £2,928.7 million (2023: £4,250.1 million) to the Energy Solutions segment. The Biomass Generation segment sold electricity to the Flexible Generation segment with a total value of £36.5 million (2023: £92.7 million). The Flexible Generation segment sold electricity and renewable certificate assets with a total value of £145.9 million (2023: £296.4 million) to the Biomass Generation segment and electricity of £2.6 million (2023: £1.9 million) to the Energy Solutions segment. During 2024, the Biomass Generation segment sold biomass pellets to the Pellet Production segment with a total value of £74.8 million (2023: £48.7 million).

The impact of all intra-group transactions, including any unrealised profit arising, is eliminated on consolidation.

Major customers
There was no individual customer, in either the current or previous financial year, that represented 10% or more of total revenue.

Geographical analysis of revenue and non-current assets
The geographic information analyses the Group's revenue and non-current assets by the entity's country of domicile. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

The Group's external revenue and non-current assets for the Biomass Generation, Flexible Generation and Energy Solutions segments are all UK-based. The Pellet Production segment has third-party pellet sales to both the UK and other locations around the world. The Pellet Production segment's non-current assets are located in North America, in both Canada and the US.

	Revenue (based on location of customer)	
	Year ended 31 December	
	2024 £m	Restated(1) 2023 £m
North America (Canada and US)	**7.9**	8.5
Europe (excluding UK)	**25.8**	60.3
Asia	**242.5**	280.1
UK	**5,886.3**	7,384.3
Total	**6,162.5**	7,733.2

(1) Comparative amounts have been restated to reflect the Group's revised application of the agent requirements of IFRS 15 to sleeved electricity trades. This restatement wholly relates to the Biomass Generation segment.

	Non-current assets(1) (based on asset's location) As at 31 December	
	2024 £m	2023 £m
Canada	**356.5**	406.7
US	**698.9**	666.0
Asia	**0.2**	0.3
UK	**2,334.1**	2,255.1
Total	**3,389.7**	3,328.1

(1) Non-current assets comprise goodwill, intangible assets, property, plant and equipment, right-of-use assets and investments.

2 Revenue

The majority of the Group's revenue is within the scope of IFRS 15. The other sources of the Group's revenue outside the scope of IFRS 15 comprise gains and losses on non-hedge accounted derivatives, the ineffective portion of hedge accounted derivatives, amounts reclassified to revenue for gains and losses on hedge accounted UK inflation swaps, Contract for Difference (CfD) income, and income from the Government's Energy Bill Relief Scheme (EBRS) and Energy Bills Discount Scheme (EBDS). See note 3 for further details on gains and losses on derivatives. Gains and losses recognised in the Consolidated income statement on derivative contracts that are entered to hedge a revenue item are presented within the same revenue stream line as the revenue item they are intending to hedge.

	Year ended 31 December 2024			Restated(1) Year ended 31 December 2023		
	Adjusted results £m	**Exceptional items and certain remeasurements £m**	**Total results £m**	Adjusted results £m	Exceptional items and certain remeasurements £m	Total results £m
Revenue from contracts with customers	**5,918.2**	**(6.9)**	**5,911.3**	7,148.3	-	7,148.3
Other revenue	**163.0**	**88.2**	**251.2**	302.0	282.9	584.9
Total revenue	**6,081.2**	**81.3**	**6,162.5**	7,450.3	282.9	7,733.2

(1) Comparative amounts have been restated to reflect the Group's revised application of the agent requirements of IFRS 15 to sleeved electricity trades. This restatement wholly relates to the Biomass Generation segment.

Revenue stream (Segment)	**Nature and timing of performance obligations, including significant payment terms**	**Method of recognising revenue, including any estimation uncertainties**
Pellet sales (Pellet Production)	The Group's Pellet Production business produces biomass pellets which are sold to external customers. Customers generally obtain control of the pellets at the point the pellets are loaded onto the shipping vessel. Where freight is also arranged for the customer, these sales are known as Cost, insurance and freight (CIF) sales. The freight component is considered a separate performance obligation. Invoices are raised in line with contractual terms and are usually payable within 4-15 days.	Revenue is recognised at the point that the pellets are loaded onto the shipping vessel. The amount of revenue recognised is based on the contracted price and volume of the pellets. For CIF sales, revenue for the freight portion is recognised over the period the vessel sails.
Electricity and gas sales (Biomass Generation and Flexible Generation)	The Group's Biomass Generation and Flexible Generation businesses have contracts for wholesale electricity sales. Performance obligations, being the supply of electricity, are met either via generation or through the procurement of electricity from counterparties. The performance obligations for these contracts are deemed to be a series of distinct goods that are substantially the same and transfer consecutively. Control is deemed to have transferred to the customer at the point that the electricity has been supplied in accordance with the contractual terms. The Group's Biomass Generation segment has gas sales contracts as part of managing the Group's overall	Revenues from sales contracts fulfilled through generation are recognised at a point in time based upon metered output at rates specified under contractual terms. These are recognised under the output method, whereby revenue is recognised based on the value transferred to the customer. Revenue from sales contracts fulfilled through procured electricity or gas is recognised at the point at which this electricity or gas is supplied to the counterparty in accordance with the contractual terms at rates specified under the contract.

	gas requirements. Invoices for electricity are typically raised on the fifth banking day following the month of supply, in line with the Grid Trade Master Agreement (GTMA) contractual terms, and are payable on the fifth banking day following the date of invoice.	
Renewable certificate sales (Biomass Generation, Flexible Generation and Energy Solutions)	Renewables Obligation Certificates (ROCs) and Renewable Energy Guarantees of Origin (REGOs) are sold to counterparties at a point in time. ROCs sold to optimise working capital are invoiced in line with contractual terms and are usually payable within two days. Invoices for ROC sales to third parties are raised when the ROCs are transferred, typically four to five months following the end of the compliance period in which they were generated. Invoices are usually payable within seven days.	External ROC and REGO sales are recognised at the point the relevant renewable certificates are transferred to the counterparty. See note 4 for further details on how the renewable certificate schemes operate.
CfD income/payment (Biomass Generation)	The Group's Biomass Generation business is party to a CfD with the Low Carbon Contracts Company (LCCC), a Government-owned entity responsible for delivering elements of the Government's Electricity Market Reform programme. Under the contract, the Group makes or receives payments in respect of electricity dispatched from a specific biomass-fuelled generating unit. Invoices are raised 7-10 days following the date of supply and are settled within 28 days.	The Group recognises the income or cost arising from the CfD in the Consolidated income statement as a component of revenue at the point the Group meets its performance obligation under the CfD agreement. This is considered to be the point at which the relevant generation is delivered and the payment becomes contractually due. See CfD income/payment section below for further details.
Ancillary services (Biomass Generation and Flexible Generation)	Ancillary services refer to the provision of a range of system support services to National Grid. Most contracts are for the delivery of a specific service either continually or on an ad-hoc basis over a period of time. Invoices are raised and subsequently settled in line with the National Grid company ancillary services settlement calendar, typically monthly.	Revenue is recognised by reference to the stage of completion of the contractual performance obligations, which are calculated by reference to the amount of the contract term that has elapsed. Depending on contract terms, this approach may require judgement in estimating probable future outcomes.
Other income (All segments)	Other income is derived from the sale of goods. The customer obtains control typically at the point of delivery to their premises or upon collection. Invoices are raised in line with contractual terms.	Revenue is recognised at the point the control of the goods is transferred to the customer.
Electricity and gas sales (Energy Solutions)	The Group's Energy Solutions business sells electricity and gas directly to non-domestic customers. Energy supplied is measured based upon metered consumption and contractual rates. The Energy Solutions business also has long-term contracts for the sale of electricity and gas, which are deemed as being satisfied over time in line with the progress of the contracts. Invoices are raised in line with contractual terms. For small and	Revenue is recognised on the supply of electricity or gas when a contract exists, supply has taken place, a quantifiable price has been established or can be determined, and the amounts receivable are expected to be recovered. Where supply has taken place but has not yet been measured or billed, revenue is estimated based on consumption statistics and selling price estimates and is recognised as accrued income. This estimate is not considered to be a key source of estimation uncertainty because historical experience has

	medium-sized enterprise (SME) customers, payment is generally due within 10-14 days. For Industrial and Commercial (I&C) customers, payment is generally due between 28-90 days.	because historical experience has demonstrated that these estimates are materially accurate based on the subsequent billings and settlements. Where contracts for the sale of electricity and gas are held, revenue is recognised in line with the progress of the contracts. The revenue recognised for fixed price contracts is based on the input method. Revenue is recognised based on the costs incurred and the estimated margin to be obtained over the life of the contract. For variable price contracts revenue is recognised based on the output method. Revenue is recognised based on the volume supplied and the contracted price. Assumptions are applied consistently but third-party costs can vary, therefore actual outcomes may vary from initial estimates.
EBRS and EBDS income (Energy Solutions)	The UK Government introduced the EBDS running from 1 April 2023 to 31 March 2024. Under this scheme, energy supplied to eligible non-domestic customers will have a discount applied to each unit of electricity and gas. Certain customers may be eligible for higher levels of support dependent on the sector in which they operate. The discount provided can then be claimed back from the UK Government by the supplier. The EBDS replaced the EBRS which supported non-domestic customers between 1 October 2022 and 31 March 2023. Under the EBRS, energy supplied to non-domestic customers in this period had a discount applied for the customer under the scheme to cap their energy tariff. The discount provided can then be claimed back from the UK Government by the supplier. Payment is due 10 days post submission of a claim, which typically occurs monthly.	The discounted price of electricity and gas supplied under both the EBRS and EBDS is recognised in revenue as it is supplied. The amount claimed back from the UK Government is recognised within revenue over the same period as the underlying discounted revenue it relates to is recognised. The revenue received from the UK Government is included in the EBRS and EBDS income line in the table below. The Group does not recognise any additional revenue from the scheme than it would have done had it not been introduced.

Accounting policy
Revenue represents amounts receivable for goods or services provided to customers in the normal course of business, net of trade discounts, VAT and other sales-related taxes and excludes transactions between Group companies. Revenue is presented gross in the Consolidated income statement when the Group controls the specified good or service prior to the transfer to the customer. When the Group is acting primarily as an agent, revenue is recognised on a net basis. During the year, the Group reassessed the application of the agent and principal requirements in IFRS 15 against sleeved electricity trades.

A summary of the Group's principal revenue streams, along with the nature and timing of performance obligations, payment terms, methods of recognising revenue, and any estimation uncertainties, is given in the table above.

Renewable certificate sales
The generation and sale of renewable certificates, primarily ROCs and REGOs, is a key driver of the Group's financial performance.

During the year, the Group made sales and related purchases of ROCs to help optimise its working capital position. External sales of ROCs in the table below includes £50.8 million of such sales (2023: £583.3 million), with a similar value reflected in cost of sales. The renewable certificate sales revenue in the Biomass Generation business of £739.3 million has decreased compared to prior year (2023: £1,277.4 million) primarily as a result of the reduction in these ROC sales.

See note 4 for further details of how the renewable certificate schemes operate, of the renewable certificates generated and sold by the Biomass Generation and Flexible Generation businesses, and of those utilised by the Energy Solutions business during the year.

CfD income/payment
The income/payment is calculated by reference to a strike price per MWh. The base year for the strike price was 2012 and it increases each year in line with the UK Consumer Price Index (CPI) and changes in system balancing costs. The strike price at 31 December 2024 was £138.16 per MWh (2023: £132.47 per MWh).

When market prices (based on average traded prices in the preceding season) are above or below the strike price, the Group makes an additional payment to or receives additional income from LCCC equivalent to the difference the Group makes an additional payment to or receives additional income from LCCC equivalent to the difference between that market power price and the strike price, for each MWh produced from the relevant generating unit. Such payments or receipts are in addition to amounts received from the sale of the associated power in the wholesale market.

Further analysis of revenue for the year ended 31 December 2024 is provided in the table below:

	Year ended 31 December 2024		
	External £m	Inter-segment £m	Total £m
Pellet Production			
Pellet sales	**329.6**	**597.5**	**927.1**
Other income	**10.5**	**4.5**	**15.0**
Total Pellet Production	**340.1**	**602.0**	**942.1**
Biomass Generation			
Electricity and gas sales	**1,426.6**	**2,510.7**	**3,937.3**
Renewable certificate sales	**284.8**	**454.5**	**739.3**
CfD income	**148.6**	**-**	**148.6**
Ancillary services	**18.7**	**-**	**18.7**
Other income	**2.0**	**74.8**	**76.8**
Total Biomass Generation	**1,880.7**	**3,040.0**	**4,920.7**
Flexible Generation			
Electricity sales	**22.1**	**141.2**	**163.3**
Renewable certificate sales	**-**	**7.3**	**7.3**
Ancillary services	**24.2**	**-**	**24.2**
Other income	**28.0**	**-**	**28.0**
Total Flexible Generation	**74.3**	**148.5**	**222.8**
Energy Solutions			
Electricity and gas sales	**3,734.0**	**-**	**3,734.0**
EBRS and EBDS income	**14.4**	**-**	**14.4**
Renewable certificate sales	**37.4**	**-**	**37.4**
Other income	**0.3**	**-**	**0.3**
Total Energy Solutions	**3,786.1**	**-**	**3,786.1**
Elimination of inter-segment sales	**-**	**(3,790.5)**	**(3,790.5)**
Total consolidated revenue in Adjusted results	**6,081.2**	**-**	**6,081.2**
Certain remeasurements	**81.3**	**-**	**81.3**
Total consolidated revenue in Total results	**6,162.5**	**-**	**6,162.5**

Revenue recognised in Adjusted results of £6,081.2 million (2023: £7,450.3 million) differs from revenue recognised in Total results of £6,162.5 million (2023: £7,733.2 million) due to certain remeasurement gains of £81.3 million (2023: £282.9 million), comprised of gains and losses on derivative contracts that are used to manage risk exposures associated with the Group's revenue, not designated into hedge accounting relationships under IFRS 9.

Revenue recognised in the period that was included within contract liabilities at the start of the year was £16.8 million (2023: £28.5 million).

Revenue recognised in the period from performance obligations satisfied or partly satisfied in the previous period was £nil (2023: £nil).

The following is an analysis of the Group's revenues for the year ended 31 December 2023:

	Restated(1)(2) Year ended 31 December 2023		
	External £m	Inter-segment £m	Total £m
Pellet Production			
Pellet sales	391.3	424.6	815.9
Other income	6.5	-	6.5
Total Pellet Production	397.8	424.6	822.4
Biomass Generation			
Electricity and gas sales	1,183.4	3,908.0	5,091.4
Renewable certificate sales	842.6	434.8	1,277.4
CfD payment	(63.0)	-	(63.0)
Ancillary services	25.0	-	25.0
Other income	23.4	48.7	72.1

Total Biomass Generation	2,011.4	4,391.5	6,402.9
Flexible Generation			
Electricity sales	24.8	289.6	314.4
Renewable certificate sales	-	8.7	8.7
Ancillary services	30.4	-	30.4
Other income	27.6	-	27.6
Total Flexible Generation	82.8	298.3	381.1
Energy Solutions			
Electricity and gas sales	4,554.4	-	4,554.4
EBRS and EBDS income	365.8	-	365.8
Renewable certificate sales	37.9	-	37.9
Other income	0.2	-	0.2
Total Energy Solutions	4,958.3	-	4,958.3
Elimination of inter-segment sales	-	(5,114.4)	(5,114.4)
Total consolidated revenue in Adjusted results	7,450.3	-	7,450.3
Certain remeasurements	282.9	-	282.9
Total consolidated revenue in Total results	7,733.2	-	7,733.2

(1) Amounts have been restated to reflect the change in reportable segments. See note 1 for further details of the change in reportable segments.
(2) Amounts have been restated to reflect the Group's revised application of the agent requirements of IFRS 15 to sleeved electricity trades. This restatement wholly relates to the Biomass Generation segment.

The Group's Biomass Generation and Flexible Generation segments have contracts for wholesale electricity sales. Performance obligations, being the supply of electricity, are met either via electricity generation or through the procurement of electricity from counterparties. Where electricity is procured from counterparties to meet this obligation, the electricity sale is presented on a gross basis with the cost of buying the electricity presented in cost of sales and the sale of this electricity presented in revenue. If external purchases of power were presented net within external revenue this would have reduced external revenue by £1,072.9 million to £5,089.6 million (2023: by £2,347.0 million to £5,386.2 million) with a corresponding decrease in external cost of sales.

For most customer contracts the Group is eligible for, and applies, the practical expedient available under IFRS 15 and has not disclosed information related to the transaction price allocated to remaining performance obligations. The right to receive consideration from these customers is at an amount that corresponds directly with the value to the customer of the Group's performance completed to date, or the contract's original expected duration is less than one year. For the Group's fixed price energy supply contracts that have an original expected duration of more than one year, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied at the end of the reporting period is £146.6 million (2023: £336.0 million). Of this amount £127.0 million (2023: £284.0 million) is expected to be recognised as revenue in 2025, £18.4 million (2023: £46.4 million) in 2026 and £1.2 million (2023: £5.6 million) in 2027.

3 Alternative performance measures

The alternative performance measures (APMs) glossary to these Consolidated financial statements provides details of all APMs used, each APM's closest IFRS equivalent, the reason why the APM is used by the Group and a definition of how each APM is calculated.

The Group presents Adjusted results in the Consolidated income statement. Management believes that this approach is useful as it provides a clear and consistent view of underlying trading performance. Exceptional items and certain remeasurements are excluded from Adjusted results and are presented in a separate column in the Consolidated income statement. The Group believes that this presentation provides useful information about the financial performance of the business and is consistent with the way the Board and executive management assess the performance of the business.

The Group has a policy and framework for the determination of transactions to be presented as exceptional. Exceptional items are excluded from Adjusted results as they are transactions that are deemed to be one-off or unlikely to reoccur in future years due to their nature, size, the expected frequency of similar events, or the commercial context. By excluding these amounts, this provides users of the Consolidated financial statements with a more representative view of the results of the Group and enables comparisons with other reporting periods as it excludes amounts from activities or transactions that are not likely to reoccur. All transactions presented as exceptional are approved by the Audit Committee.

In these Consolidated financial statements, the following transactions have been designated as exceptional items and presented separately:

- Costs and credits arising as a result of the transaction to sell the majority of the non-core Opus Energy SME customer meter points and related strategic restructuring to reflect the reduced size of the Opus Energy SME business and Energy Solutions' focus on core I&C customers and renewables services (2024, Energy Solutions)
- Impairment charges related to the Opus Energy CGU (2023, Energy Solutions)
- Proceeds from a legal settlement relating to a supplier's failure to perform under their contract (2023, Energy Solutions)
- Change in the fair value of contingent consideration (2023, Generation)
- Impact of the UK tax rate change on deferred tax balances (2023, Generation and Energy Solutions)

Certain remeasurements comprise gains and losses on derivative contracts to the extent that those contracts do not qualify for hedge accounting, or hedge accounting is not effective, and those gains or losses are either i) unrealised and relate to derivative contracts with a maturity in future periods, or ii) are realised in relation to the maturity of derivative contracts in the current period. Gains and losses on derivative contracts prior to maturity generally reflect the difference between the contracted price and the current market price, which management does not believe provides meaningful information as the Group is not entering contracts with the intention of creating value from changes in market prices. The Group is entering forward contracts as economic hedges to secure prices and rates, and lock in value for its future expected pellet production, generation or energy supply activities. The effect of excluding certain remeasurements from Adjusted results is that commodity sales and purchases are recognised in the period they are intended to hedge at their contracted prices i.e. at the all-in-hedged amount paid or received in respect of the delivery of the commodity in question. It also results in the total impact of financial contracts being recognised in the period they are intended to hedge. Management believes this better reflects the performance of the business as it more accurately represents the intention for entering derivative contracts.

Movements on derivative financial instruments which do not qualify for hedge accounting, or where hedge accounting is ineffective, are shown in the table below. During 2024 the amounts recognised were predominantly due to fair value gains recognised on foreign exchange contracts due to the weakening of sterling against the US dollar and the realisation of losses on maturity of inflation and commodity hedges.

	Year ended 31 December	
	2024 £m	2023 £m
Exceptional items:		
Opus Energy sale of meter points and restructuring	**(59.5)**	-
2023 Opus Energy impairment	**-**	(69.1)
Net credit from legal claim	**-**	13.7
Change in fair value of contingent consideration	**-**	(18.2)
Exceptional items included within operating profit and profit before tax	**(59.5)**	(73.6)
Tax on exceptional items	**14.8**	10.8
Impact of tax rate change	**-**	0.7
Exceptional items after tax	**(44.7)**	(62.1)
Certain remeasurements:		
Net fair value remeasurements on derivative contracts included in revenue	**11.9**	70.7
Net remeasurements realised on maturity of derivative contracts included in revenue	**77.6**	228.6
Net hedge ineffectiveness reclassified to profit or loss included in revenue	**(8.2)**	(16.4)
Net fair value remeasurements on derivative contracts included in cost of sales	**45.3**	(127.0)
Net remeasurements realised on maturity of derivative contracts included in cost of sales	**(17.1)**	44.3
Certain remeasurements included within operating profit	**109.5**	200.2
Net remeasurements realised on maturity of derivative contracts included in interest payable and similar charges	**(0.6)**	(0.3)
Net fair value remeasurements on derivative contracts included in foreign exchange (losses)/gains	**-**	4.9
Certain remeasurements included in profit before tax	**108.9**	204.8
Tax on certain remeasurements	**(29.7)**	(48.1)
Impact of tax rate change	**-**	(3.1)
Certain remeasurements after tax	**79.2**	153.6

Reconciliation of profit for the period:		
Adjusted profit for the period	**491.0**	469.4
Exceptional items after tax	**(44.7)**	(62.1)
Certain remeasurements after tax	**79.2**	153.6
Total profit for the period	**525.5**	560.9

Opus Energy sale of meter points and restructuring
On 26 June 2024, the Group agreed the sale ("the transaction") of the majority of its non-core small and medium-sized enterprise (SME) customer meter points from Opus Energy to EDF Energy Customers Limited (EDF). The sale also included the transfer of receivables balances related to these transferred customer meter points. The transaction was an asset sale under an Asset Purchase Agreement (APA) and completed on 1 September 2024.

The Group received consideration of £9.6 million from EDF on completion of the transaction relating to the meter points and related customer contracts and £4.3 million relating to the provision of REGOs to cover the energy supplied under the transferred customer contracts. The consideration for the REGOs will be recognised in line with the transfer of the REGOs to EDF.

The amount the Group will receive for the transferred receivables is contingent on the amounts collected by EDF. The transfer did not qualify for derecognition under IFRS 9 as the Group had neither transferred nor retained substantially all the risks and rewards of ownership and has retained control of the asset. The receivables are recognised at fair value through profit or loss as they are no longer solely payment of principal and interest. The fair value gains and losses recognised on these receivables reflect changes in the fair value of the consideration expected to be received.

The Group has commenced a restructuring to reflect the reduced size of Opus Energy post sale and the focus on I&C customers and renewables services within the Energy Solutions business. The Group incurred costs of redundancies in order to reduce the headcount in the Opus Energy business and holds a redundancy provision at 31 December 2024 in respect of in scope colleagues who had not yet left the Group.

Certain assets, including prepaid commissions and software have been impaired due to the reduced future economic benefit expected to be obtained from these assets following the transaction.

With a significantly reduced number of customers to cover the cost base of the remaining Opus Energy business, a number of sales contracts are judged to be onerous and an onerous contracts provision has therefore been recognised.

An additional impairment charge has been recognised as a result of lower expected recoveries on the retained receivables due from loss customers (customers who are no longer supplied by Opus Energy) due to the transaction and restructuring.

The gains and losses described above that have been recognised in the period on the transaction and related restructuring have been classified as exceptional. Further details of the amounts recognised as exceptional are detailed below:

	Year ended 31 December 2024 £m
Consideration allocated to the customer meter points	**9.6**
Net assets disposed of directly related to the transferred customers	**(8.4)**
Profit on disposal of customer meter points - included in other gains and losses	**1.2**

Other losses incurred as a direct result of the transaction and restructuring	
Onerous contracts provision, impairment of prepaid commissions and final commission settlement on retained customers - included in cost of sales	**(23.3)**
Redundancy, transaction and migration costs - included in operating and administrative expenses	**(9.2)**
Fair value losses on receivables relating to transferred customers - included in operating and administrative expenses	**(12.9)**
Additional impairment of receivables relating to retained customers - included in impairment losses on financial assets	**(12.7)**
Impairment of non-current assets - included in impairment of non-current assets	**(2.6)**
Net loss recognised as a result of the transaction	**(59.5)**

As part of the transaction, the Opus Energy hedge book, to purchase power and gas to supply to its customers, was transferred to EDF. Prior to the transaction these trades were all intercompany between the Biomass Generation business and Opus Energy and were therefore eliminated on consolidation. As the hedge book was transferred at the original hedged rate to a party external to the Group, the trades were off market and had a day one mark-to-market fair value of £33.7 million. This gain has not been recognised as part of the net loss as a result of the transaction, as whilst the counterparty has changed, there is no impact on the Biomass Generation business which will continue to sell energy. This would have occurred irrespective of the transaction and as such the gain has been presented within Certain remeasurements in the Consolidated income statement, consistent with the Group's treatment of unrealised gains and losses on unhedged derivative contracts.

During the current year the Group had a net cash inflow of £9.6 million in respect of the Opus Energy transaction. This comprised a cash inflow of £13.9 million of consideration received, a net £2.0 million inflow in respect of debt and credits transferred to EDF, and a cash outflow of £6.3 million in respect of redundancy, transaction and migration costs paid out in the year. The cash flows relating to the transaction have been recognised within operating cash flows in the Consolidated cash flow statement.

For each item designated as exceptional or as a certain remeasurement, the table below summarises the impact of the item on Adjusted and Total profit after tax, Basic EPS and Net cash from operating activities.

	Year ended 31 December 2024							
	Revenue £m	**Gross profit £m**	**Operating profit £m**	**Profit before tax £m**	**Tax (charge)/ credit £m**	**Profit/(loss) for the period £m**	**Basic earnings/ (loss) per share Pence**	**Net cash from operating activities £m**
Total results IFRS measure	**6,162.5**	**1,876.5**	**850.2**	**753.4**	**(227.9)**	**525.5**	**137.5**	**859.5**
Certain remeasurements:								
Net fair value remeasurement on derivative contracts	**(81.3)**	**(109.5)**	**(109.5)**	**(108.9)**	**29.7**	**(79.2)**	**(20.7)**	**-**
Exceptional items:								
Opus Energy sale of meter points and restructuring	**-**	**23.3**	**59.5**	**59.5**	**(14.8)**	**44.7**	**11.6**	**(9.6)**
Total	**(81.3)**	**(86.2)**	**(50.0)**	**(49.4)**	**14.9**	**(34.5)**	**(9.1)**	**(9.6)**
Adjusted results totals	**6,081.2**	**1,790.3**	**800.2**	**704.0**	**(213.0)**	**491.0**	**128.4**	**849.9**

	Year ended 31 December 2023							
	Restated[(1)] Revenue £m	Gross profit £m	Operating profit £m	Profit before tax £m	Tax (charge)/ credit £m	Profit/(loss) for the period £m	Basic earnings/ (loss) per share Pence	Net cash from operating activities £m

Total results IFRS measure	7,733.2	1,953.6	908.2	796.4	(235.5)	560.9	142.8	835.6
Certain remeasurements:								
Net fair value remeasurement on derivative contracts	(282.9)	(200.2)	(200.2)	(204.8)	48.1	(156.7)	(39.7)	-
Impact of tax rate change	-	-	-	-	3.1	3.1	0.8	-
Exceptional items:								
2023 Opus Energy impairment	-	-	69.1	69.1	(13.5)	55.6	14.1	-
Net credit from legal claim	-	-	(13.7)	(13.7)	2.7	(11.0)	(2.8)	(9.3)
Change in fair value of contingent consideration	-	-	18.2	18.2	-	18.2	4.6	-
Impact of tax rate change	-	-	-	-	(0.7)	(0.7)	(0.2)	-
Total	(282.9)	(200.2)	(126.6)	(131.2)	39.7	(91.5)	(23.2)	(9.3)
Adjusted results totals	7,450.3	1,753.4	781.6	665.2	(195.8)	469.4	119.6	826.3

(1) The year ended 31 December 2023 amounts above have been restated to reflect the Group's revised application of the agent requirements of IFRS 15 to sleeved electricity trades.

Adjusted EBITDA is a key measure of financial performance for the Group. A reconciliation from Adjusted operating profit from the Consolidated income statement is shown below:

	Year ended 31 December 2024		
	Attributable to		
	Owners of the parent company £m	**Non-controlling interests £m**	**Total £m**
Adjusted operating profit/(loss)	**801.3**	**(1.1)**	**800.2**
Depreciation and amortisation	**240.4**	**1.4**	**241.8**
Other losses	**8.5**	**-**	**8.5**
Share of losses from associates	**2.2**	**-**	**2.2**
Impairment of non-current assets	**11.8**	**-**	**11.8**
Adjusted EBITDA	**1,064.2**	**0.3**	**1,064.5**

	Year ended 31 December 2023		
	Attributable to		
	Owners of the parent company £m	Non-controlling interests £m	Total £m
Adjusted operating profit/(loss)	782.9	(1.3)	781.6
Depreciation and amortisation	223.7	1.3	225.0
Other gains	(0.7)	-	(0.7)
Share of losses from associates	1.6	-	1.6
Impairment of non-current assets	1.7	-	1.7
Adjusted EBITDA	1,009.2	-	1,009.2

	Year ended 31 December	
	2024 £m	Restated(1) 2023 £m
Segment Adjusted EBITDA:		
Pellet Production	**143.0**	88.9
Biomass Generation	**813.5**	703.3
Flexible Generation	**137.6**	230.2
Energy Solutions	**51.2**	71.8
Innovation, capital projects and other	**(78.1)**	(78.1)
Intra-group eliminations	**(3.0)**	(6.9)
Total Adjusted EBITDA	**1,064.2**	1,009.2

(1) Comparative amounts have been restated to reflect the change in reportable segments. See note 1 for further details of the change in reportable segments.

Net debt

Net debt
Net debt is calculated by taking the Group's borrowings, adjusting for the impact of associated hedging instruments, adding lease liabilities, and subtracting cash and cash equivalents. Net debt excludes the share of borrowings, lease liabilities, and cash and cash equivalents attributable to non-controlling interests.

Prior to 2024, the Group's definition of Net debt did not include lease liabilities.

Borrowings includes external financial debt, such as loan notes, term loans and amounts drawn in cash under revolving credit facilities (RCFs). Borrowings does not include other financial liabilities such as pension obligations, trade and other payables, lease liabilities calculated in accordance with IFRS 16, and working capital facilities (such as credit cards and deferred letters of credit) linked directly to specific payables that provide short extension of payment terms of less than 12 months (see note 5). The Group does not include balances related to supply chain financing in Net debt as there are no changes to the Group's payment terms under this arrangement, nor would there be if the arrangement was to cease. Net debt includes the impact of any cash collateral receipts from counterparties or cash collateral posted to counterparties.

The Group has entered into cross-currency interest rate swaps, fixing the sterling value of the principal repayments and interest in respect of the Group's euro (EUR) denominated debt. The Group has also entered fixed rate foreign exchange forwards to fix the sterling value of the principal repayment of the Canadian dollar (CAD) denominated debt and certain EUR denominated debt. For the purpose of calculating Net debt, USD, EUR and CAD balances are translated at the hedged rate, rather than the rate prevailing at the reporting date, which impacts the carrying amount of the Group's borrowings. See the APMs glossary for further details on the calculation of Net debt.

	As at 31 December	
	2024 **£m**	2023(1) £m
Borrowings	**(1,176.7)**	(1,425.3)
Lease liabilities	**(116.5)**	(135.8)
Cash and cash equivalents	**356.0**	379.5
Net cash, borrowings and lease liabilities	**(937.2)**	(1,181.6)
Non-controlling interests' share of cash and cash equivalents in non-wholly owned subsidiaries	**(0.8)**	(0.3)
Non-controlling interests' share of lease liabilities in non-wholly owned subsidiaries	**0.5**	-
Impact of hedging instruments	**(54.2)**	(37.8)
Net debt	**(991.7)**	(1,219.7)

(1) The comparative amounts have been re-presented to reflect the change in definition of Net debt to include lease liabilities.

The table below reconciles Net debt in terms of changes in these balances across the year:

	Year ended 31 December	
	2024 **£m**	2023(1) £m
Net debt at 1 January	**(1,219.7)**	(1,359.0)
(Decrease)/increase in cash and cash equivalents	**(23.5)**	141.5
(Increase)/decrease in non-controlling interests' share of cash and cash equivalents in non-wholly owned subsidiaries	**(0.5)**	0.4
Decrease in borrowings	**248.6**	15.6
Decrease in lease liabilities	**19.3**	17.3
Increase/(decrease) in non-controlling interests' share of lease liabilities in non-wholly owned subsidiaries	**0.5**	(0.1)
Movement in the impact of hedging instruments	**(16.4)**	(35.4)
Net debt at 31 December	**(991.7)**	(1,219.7)

(1) The comparative amounts have been re-presented to reflect the change in definition of Net debt to include lease liabilities.

The Group has a long-term target for Net debt to Adjusted EBITDA of around 2.0 times.

	As at 31 December	
	2024	2023(1)
Adjusted EBITDA (£m)	**1,064.2**	1,009.2
Net debt (£m)	**(991.7)**	(1,219.7)
Net debt to Adjusted EBITDA ratio	**0.9**	1.2

(1) The comparative amounts have been re-presented to reflect the change in definition of Net debt to include lease liabilities.

Cash and committed facilities
The below table reconciles the Group's available cash and committed facilities:

	As at 31 December	
	2024 **£m**	2023 £m
Cash and cash equivalents	**356.0**	379.5

RCF available but not utilised [1]	**450.0**	259.9
Total cash and committed facilities	**806.0**	639.4

(1) In August 2024, the Group secured a new £450.0 million RCF. The Group cancelled its previous £300.0 million RCF at this date. The Group's C 10 million RCF also matured during 2024. As at 31 December 2024, the Group had no cash or non-cash drawings under the RCF (2023: £46.1 million in letters of credit were drawn).

Further commentary on total cash and committed facilities is contained within the CFO's financial review.

4 Renewable certificate assets
The Group generates renewable certificate assets, including Renewables Obligation Certificates (ROCs) and Renewable Energy Guarantees of Origin (REGOs), which are accredited by the Office for Gas and Electricity Markets (Ofgem), as a result of generating renewable electricity using biomass at Drax Power Station and generating renewable electricity at the Group's run-of-river hydro plants. The Group also purchases renewable certificates from third parties. The Group's ROCs and REGOs are sold bilaterally to counterparties, including external suppliers, and also internally for utilisation by the Energy Solutions business.

This note sets out the value of renewable certificate assets that the Group held at the reporting date.

Accounting policy
Renewable certificate assets are recognised at cost or deemed cost less any impairments. Renewable certificates, principally ROCs and REGOs, are first recognised as current assets in the period they are generated or purchased. For generated renewable certificates the Group uses their fair value at initial recognition, based on anticipated sales prices, as deemed cost. For renewable certificates purchased from third parties the agreed purchase price is the cost.

Generating renewable power simultaneously creates joint products, being electricity and the renewable certificates. The cost of generating renewable electricity is allocated between the cost of the electricity generation, which is recognised in the Consolidated income statement at the point of generation, and the cost of generating the renewable certificate, which is initially recognised as an asset in the Consolidated balance sheet. As such, the value of generated renewable certificates earned reduces the cost of electricity generation.

Where the Energy Solutions business incurs an obligation to deliver renewable certificates, that obligation is accrued in the period incurred and recognised within cost of sales.

Renewable certificate assets are derecognised when they are submitted to Ofgem or at the point of sale to a customer. The point of sale is when the customer takes control of the renewable certificate, which is usually at the point of transfer of the certificate. At this point any revenue expected to be received from the customer is recognised (see note 2) and the carrying amount of the renewable certificate asset sold is recognised within cost of sales.

Generated ROC and REGO valuations are comprised of the expected value to be obtained in a sales transaction with a third-party supplier at the point of generation. If the Group has already agreed sales contracts covering the renewable certificates generated in a period, then they are recognised at the contracted price. Any renewable certificates generated above this, or to be utilised by the Energy Solutions business, are recognised at an estimate of the expected market value, which is generally based on the amount to be obtained in a sales transaction with a third-party supplier. These estimates are made using various sources of information including recently achieved sales prices, ongoing sales negotiations, internal forecasts, and published third-party market price assessments and data.

The Renewables Obligation (RO) scheme places an obligation on electricity suppliers to source an increasing proportion of their electricity from renewable sources. Under the RO scheme, ROCs are issued to generators of renewable electricity which are then sold bilaterally to counterparties, including suppliers, to demonstrate that they have fulfilled their obligations under the RO scheme. ROCs are managed in compliance periods (CPs), running from April to March annually. CP1 commenced in April 2002. At 31 December 2024, the Group is operating in CP23.

To meet its obligations a supplier can either submit ROCs or pay the buy-out price at the end of the CP. The buy-out price rises annually in line with the UK Retail Price Index (RPI). The buy-out price for CP23 is £64.73 (2023: CP22 £59.01). ROCs are typically procured in arm's-length transactions with renewable generators at a market price slightly lower than the buy-out price for that CP. At the end of the CP, the amounts collected from suppliers paying the buy-out price form the recycle fund, which is distributed on a pro-rata basis to the suppliers who presented ROCs during the CP.

Generated ROC valuations at initial recognition are comprised of two parts: the buy-out price element and an estimate of the future benefit that may be obtained from the ROC recycle fund at the end of the CP. The recycle fund provides a benefit where supplier buy-out charges (incurred by suppliers who do not procure sufficient ROCs to satisfy their obligations) are redistributed to the suppliers who presented ROCs in a CP on a pro-rata basis. The estimate of the recycle value is based on assumptions about likely levels of renewable generation, which is generally weather dependent, the demand for ROCs over the CP, and the number of ROCs banked in a CP, and is thus subject to some uncertainty. The Group utilises external sources of information, such as energy demand and generation forecasts, average historical weather data, and published information about ROC banking in previous CPs, in addition to its own forecasts in making these estimates. Historical experience indicates that the assumptions used in the valuations are reasonable, but the recycle value remains subject to possible variation and may subsequently differ from assumptions at 31 December.

REGOs are certificates that enable suppliers to prove that energy supplied to their customers came from a renewable source. One REGO is issued to a generator for every MWh of renewable electricity they generate. The primary use of REGOs is for the Fuel Mix Disclosure that requires licensed electricity suppliers to disclose to potential and existing customers the mix of fuels used to generate the electricity supplied. REGOs are managed in CPs, running from April to March annually. CP1 commenced in April 2002. At 31 December 2024, the Group is operating in CP23. Generated REGO valuations at initial recognition are usually based on published third-party market price assessments.

At each reporting date, the Group reviews the carrying value of renewable certificate assets held against updated anticipated sales prices or anticipated obligation requirements, and the estimated recycle value. Where relevant, this takes account of agreed forward sales contracts, changes in published third-party market price assessments, the likely utilisation of renewable certificates generated to settle the Group's own obligations, and any relevant information about the levels of wider renewable generation in the market. Any impairment loss on these assets is recognised in the Consolidated income statement in the period incurred within cost of sales.

	Year ended 31 December	
Carrying amount:	**2024 £m**	2023 £m
At 1 January	**292.2**	187.8
Earned from generation	**752.6**	749.7
Purchased from third parties	**464.6**	673.8

Utilised by the Energy Solutions business	**(654.7)**	(435.7)
Sold to third parties	**(314.7)**	(883.4)
At 31 December	**540.0**	292.2

Of the £540.0 million of renewable certificates recognised at 31 December 2024 (2023: £292.2 million), £486.1 million (2023: £172.9 million) relates to ROCs and £53.9 million (2023: £119.3 million) relates to REGOs. Of the £752.6 million (2023: £749.7 million) of renewable certificates earned from generation, £652.6 million (2023: £601.8 million) was attributable to ROCs and £100.0 million (2023: £147.9 million) to REGOs.

Recognition of revenue from the sale of renewable certificates is described in further detail in note 2.

5 Notes to the Consolidated cash flow statement

Accounting policy
In accordance with IAS 7 the Group has elected to classify cash flows from interest paid and interest received as cash flows from operations, dividends paid as cash flows from financing activities, and dividends received as cash flows from investing activities. The interest repayment on lease liabilities is included within interest paid, and the lease principal repayment is presented within cash flows from financing activities. Payments for short-term and low value leases are included within cash flows from operating activities.

Cash generated from operations
Cash generated from operations is the starting point of the Group's Consolidated cash flow statement. The table below makes adjustments for any non-cash accounting items to reconcile the Group's net profit for the year to the amount of cash generated from the Group's operations.

	Year ended 31 December	
	2024 £m	2023 £m
Profit for the year	**525.5**	560.9
Adjustments for:		
Interest payable and similar charges	**107.5**	115.2
Interest receivable and similar gains	**(20.1)**	(13.1)
Tax charge	**227.9**	235.5
Research and development tax credits	**(2.0)**	(2.0)
Share of losses from associates	**2.2**	1.6
Depreciation of property, plant and equipment	**196.7**	168.7
Amortisation of intangible assets	**17.0**	29.4
Depreciation of right-of-use assets	**28.1**	26.9
Impairment of non-current assets	**14.4**	70.8
Losses on disposal of fixed assets	**11.2**	2.6
Other losses	**1.7**	18.2
Certain remeasurements of derivative contracts(1)	**(89.3)**	(222.0)
Non-cash charge for share-based payments	**14.0**	13.9
Effect of changes in foreign exchange rates	**(21.9)**	6.2
Operating cash flows before movement in working capital	**1,012.9**	1,012.8
Changes in working capital:		
Decrease in inventories	**25.2**	20.6
Decrease in receivables	**392.2**	71.4
Decrease in payables	**(142.7)**	(30.8)
Net movement in derivative-related collateral	**83.7**	155.4
Increase/(decrease) in provisions	**11.5**	(4.4)
Increase in renewable certificate assets	**(247.8)**	(104.4)
Total cash released from working capital	**122.1**	107.8
Net movement in defined benefit pension obligations	**0.1**	(9.6)
Cash generated from operations	**1,135.1**	1,111.0

(1) Certain remeasurements of derivative contracts includes the effect of non-cash unrealised gains and losses recognised in the Consolidated income statement and their subsequent cash realisation. It also includes the cash and non-cash impact of deferring and recycling gains and losses on derivative contracts designated into hedge relationships under IFRS 9, where the gain or loss is held in the hedge reserve and then released to the Consolidated income statement in the period the hedged transaction occurs.

The Group has generated cash from operations of £1,135.1 million during the year (2023: £1,111.0 million). This resulted from a cash inflow from operating activities before working capital of £1,012.9 million (2023: £1,012.8 million), a net working capital cash inflowof £122.1 million (2023: £107.8 million) and a cash inflow of £0.1 million (2023: £9.6 million cash outflow) in respect of defined benefit pension obligations. The most significant factors making up these cash movements are explained in further detail below.

The £89.3 million outflow due to the adjustment for certain remeasurements of derivative contracts in the current year (2023: £222.0 million) mainly relates to cash payments on maturing trades where the derivative losses had been recognised in a previous period, as well as unrealised fair value gains on open derivative contracts.

Cash collateral is sometimes paid or received in relation to the Group's commodity and treasury trading activities

Cash collateral is sometimes paid or received in relation to the Group's commodity and treasury trading activities. When derivative positions are out of the money for the Group, collateral may be required to be paid to the counterparty. When derivative positions are in the money, collateral may be received from counterparties. These positions reverse when mark-to-market positions reduce, or contracts are settled, and the collateral is returned.

The Group actively manages its liquidity requirements. This includes managing collateral associated with the hedging of power and other commodities, as well as other contractual arrangements. Under certain arrangements the Group is able to use non-cash collateral, such as letters of credit and surety bonds, that may otherwise have required cash collateral.

The Group has had a net cash inflow of £83.7 million from derivative-related collateral during the year, as trades have matured and mark-to-market positions have reduced (2023: £155.4 million). As at 31 December 2024, the Group held £9.8 million in cash collateral receipts (2023: £20.3 million) recognised in payables, and had posted £4.7 million (2023: £98.9 million) of cash collateral payments recognised in receivables. The Group had also utilised £14.5 million (2023: £14.5 million) of letters of credit and £30.0 million (2023: £70.0 million) of surety bonds to cover commodity trading collateral requirements. Letters of credit and surety bonds utilised at the reporting date have reduced the requirement for cash collateral payments, which has increased the amount by which receivables have decreased.

The Group has a strong focus on cash flow discipline and managing liquidity. The Group enhances its working capital position by managing payables, receivables, inventories and renewable certificate assets to make sure the working capital committed is closely aligned with operational requirements. The impact of these actions on the cash flows of the Group is included within the further detail explained below.

The table below sets out the key arrangements utilised by the Group to manage elements of its working capital:

	As at 31 December 2024 £m	As at 31 December 2023 £m	**Inflow/ (outflow) £m**
Receivables monetisation	**400.0**[(1)]	400.0	**-**
ROC monetisation sales	**-**	298.4	**(298.4)**
Supply chain finance scheme	**(38.4)**	(48.6)	**(10.2)**
Deferred letters of credit	**(150.3)**	(224.7)	**(74.4)**

(1) As at 31 December 2024 the Group had sold £386.3 million of receivables under this facility. At 31 December 2024 the Group had recognised an amount payable to the facility provider of £13.7 million, being the movement in the receivables sold compared to the prior month. This amount was paid to the facility provider in January 2025, so as at 31 December 2024 the utilisation of the facility was still £400.0 million.

None of the balances in the table above are included within the Group's definition of Net debt or borrowings (see note 3 for further details on Net debt). The receivables monetisation facility is non-recourse in nature and therefore there is no future liability associated with these amounts. Through standard ROC sales and ROC purchase arrangements the Group is able to manage the working capital cycle of inflows and outflows of these assets. The supply chain finance and deferred letters of credit facilities are linked directly to specific payables. The deferred letters of credit facilities provide a short extension of payment terms of less than 12 months. The impact of these facilities on the cash flows of the Group is explained further below.

The overall cash inflow of £392.2 million (2023: £71.4 million) due to lower receivables in the current year is primarily a result of a reduction in energy prices compared to the prior year.

The Energy Solutions segment has access to a receivables monetisation facility which enables it to accelerate cash flows associated with amounts receivable from energy supply customers on a non-recourse basis. The facility was previously refinanced to increase the size of the facility to £400.0 million from £200.0 million for the period to March 2025, and then reducing to £300.0 million until the facility matures in January 2027. Utilisation of the facility was £400.0 million at 31 December 2024 (2023: £400.0 million). As the facility was fully utilised at 31 December 2024 and 31 December 2023 there has been no cash flow impact in the period.

Payables have decreased from the prior year, with a cash outflow of £142.7 million (2023: £30.8 million). This is due to a reduction in other payables as the deferred letters of credit have reduced in relation to OCGT capital expenditure now that the assets are nearing completion. The decrease in payables is also due to the reduction in energy supply accruals compared to the prior year as the value of REGOs has reduced year-on-year. Certain of the Group's suppliers are able to access a supply chain finance facility provided by a bank, for which funds can be accelerated in advance of normal payment terms. At 31 December 2024, the Group had trade payables of £38.4 million (2023: £48.6 million) related to this reverse factoring. The facility does not directly impact the Group's working capital, as payment terms remain unaltered with the Group and would remain the same should the facility fall away.

The Group also has access to deferred letters of credit facilities under which the Group benefits from an extension to payment terms of less than 12 months for a fee. The amount outstanding under these facilities at 31 December 2024 was £150.3 million (2023: £224.7 million). Of the total deferred letters of credit, £92.8 million (2023: £155.1 million) were utilised for capital expenditure and £57.5 million (2023: £69.6 million) were utilised for trade payables. Utilisation of these payment facilities impacted the purchases of property, plant and equipment line in the Consolidated cash flow statement and the movement in payables line above.

The movement in renewable certificate assets during the year includes a combination of generation, utilisation, purchases and sales, as described in note 4. The £247.8 million cash outflow (2023: £104.4 million) is predominantly due to an increase in the value of renewable certificates generated and still held by the Group compared to the prior year, due to a reduced level of ROC monetisation sales. Cash from renewable certificates, and in particular ROCs, is typically realised several months after they are earned; however, through standard ROC sales and ROC purchase arrangements the Group is able to manage the working capital cycle of inflows and outflows of these assets. At 31 December 2024, the Group had cash inflows of £nil from using these standard renewable certificate sales (2023: £298.4 million).

Changes in liabilities arising from financing cash flows
A reconciliation of the movements in liabilities arising from financing activities for both cash and non-cash movements is provided below:

	Borrowings £m	**Lease liabilities £m**	**Hedging instruments £m**	**Total £m**
At 1 January 2024	**1,425.3**	**135.8**	**32.5**	**1,593.6**
Cash flows from financing activities	**(226.4)**	**(27.4)**	**(31.5)**	**(285.3)**
Effect of changes in foreign exchange rates	**(30.7)**	**1.1**	**18.3**	**(11.3)**

Effect of changes in foreign exchange rates	[illegible]	[illegible]	[illegible]	[illegible]
Other movements	**8.5**	**7.0**	**21.7**	**37.2**
At 31 December 2024	**1,176.7**	**116.5**	**41.0**	**1,334.2**

	Borrowings £m	Lease liabilities £m	Hedging instruments £m	Total £m
At 1 January 2023	1,440.9	153.1	(2.2)	1,591.8
Cash flows from financing activities	14.5	(25.8)	-	(11.3)
Effect of changes in foreign exchange rates	(35.4)	(6.7)	29.8	(12.3)
Other movements	5.3	15.2	4.9	25.4
At 31 December 2023	1,425.3	135.8	32.5	1,593.6

Other movements on borrowings principally relate to interest. Other movements on lease liabilities principally relate to discounting and additions in the year. Other movements on hedging instruments include cross-currency interest rate swaps that are hedging both principal and interest payments on borrowings. Interest payments are classified as operating cash flows in the Consolidated cash flow statement, as such fair value movements and cash settlements relating to the interest payments on these hedges are recognised within the other movements line above.

6 Equity and reserves

The Group's ordinary share capital reflects the total number of shares in issue, which are publicly traded on the London Stock Exchange.

Accounting policy
Ordinary shares are classified as equity as evidenced by their residual interest in the assets of the Company after deducting its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Issued equity

	As at 31 December	
	2024 £m	2023 £m
Issued and fully paid:		
427,770,766 ordinary shares of $11\frac{16}{29}$ pence each (2023: 424,923,406)	**49.4**	49.1

The movement in allotted and fully paid share capital of the Company during the year was as follows:

	Year ended 31 December	
	2024 (number)	2023 (number)
At 1 January	**424,923,406**	414,872,491
Issued under employee share schemes	**2,847,360**	10,050,915
At 31 December	**427,770,766**	424,923,406

The Company has only one class of shares, which are ordinary shares of $11\frac{16}{29}$ pence each, carrying no right to fixed income. No shareholders have waived their rights to dividends. Throughout the year, shares were issued in satisfaction of options vesting in accordance with the rules of the Group's employee share schemes.

During the year 794,782 shares were issued at a weighted average exercise price of 336 pence per share in respect of options vesting on employee share purchase schemes and 2,052,578 shares were issued in respect of share options vesting on share awards with no exercise price.

Share buyback programme
On 26 July 2024, the Group announced the commencement of a £300 million share buyback programme. The buyback programme is ongoing, with £115.4 million of shares having been repurchased as at 31 December 2024. The shares purchased by the Group have not been cancelled and so continue to be included in the issued shares in the above table.

Share premium
The share premium account reflects amounts received in respect of issued share capital that exceeds the nominal value of the shares issued, net of incremental transaction costs and tax, that are directly attributable to the issue of new shares. Movements in the share premium reserve during the year reflect amounts received above the nominal value on the issue of shares under employee share schemes.

	Year ended 31 December	
	2024 £m	2023 £m
At 1 January	**441.2**	433.3
Issue of share capital	**2.6**	7.9
At 31 December	**443.8**	441.2

Other reserves

	Capital redemption reserve £m	Translation reserve £m	Merger reserve £m	Treasury shares reserve £m	Total other reserves £m
At 1 January 2023	1.5	85.8	710.8	(50.4)	747.7

Exchange differences on translation of foreign operations	-	(10.3)	-	-	(10.3)
Repurchase of own shares	-	-	-	(149.2)	(149.2)
At 1 January 2024	**1.5**	**75.5**	**710.8**	**(199.6)**	**588.2**
Exchange differences on translation of foreign operations	**-**	**(6.6)**	**-**	**-**	**(6.6)**
Movement in equity associated with share-based payments	**-**	**-**	**-**	**0.8**	**0.8**
Repurchase of own shares	**-**	**-**	**-**	**(115.4)**	**(115.4)**
At 31 December 2024	**1.5**	**68.9**	**710.8**	**(314.2)**	**467.0**

The capital redemption and treasury shares reserves arose when the Group completed previous share buyback programmes. A further share buyback was ongoing during 2024 and has continued into 2025. The net cost of this share buyback up to 31 December 2024 was £115.4 million. The 57.8 million (2023: 40.3 million) shares held in the treasury shares reserve have no voting rights attached to them.

Exchange differences relating to the translation of the net assets of the Group's US and Canadian subsidiaries from their functional currencies (USD and CAD) into sterling for presentation in these Consolidated financial statements are recognised in the translation reserve.

Hedge reserve and Cost of hedging reserve
The hedge reserve and cost of hedging reserve reflect the change in fair value of derivative financial instruments designated into hedge accounting relationships in accordance with IFRS 9 and related deferred tax.

Alternative performance measures (APMs) glossary table

The alternative performance measures (APMs) described below are used throughout the Annual report and accounts and are measures that are not defined within IFRS but provide additional information about financial performance and position that is used by the Board to evaluate the Group's trading performance. These APMs have been defined internally and may therefore not be comparable to APMs presented by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself a measure defined under IFRS. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

APM	Closest IFRS equivalent measure	Purpose	Definition
Adjusted results	Total results	The Group's Adjusted results are consistent with the way the Board and executive management assess the performance of the Group. Adjusted results are intended to reflect the underlying trading performance of the Group's businesses and are presented to assist users of the Consolidated financial statements in evaluating the Group's trading performance and performance against strategic objectives on a consistent basis. Adjusted results excludes exceptional items and certain remeasurements. Exceptional items are those transactions that, by their nature, do not reflect the trading performance of the Group in the period. Certain remeasurements comprise fair value gains and losses that do not qualify for hedge accounting (or hedge accounting is not effective). The Group regards all of its forward contracting activity to represent economic hedges and therefore by excluding the volatility caused by recognising fair value gains and losses prior to maturity of the contracts, the Group can reflect these contracts at the contracted prices on maturity, reflecting the intended purpose of entering these contracts and the Group's underlying performance. Adjusted results are the metrics used in the calculation of Adjusted basic EPS and Adjusted diluted EPS.	Total results measured in accordance with IFRS excluding the impact of exceptional items and certain remeasurements. Exceptional items and certain remeasurements are defined in note 3.
Adjusted EBITDA	Operating profit(1)	Adjusted EBITDA is the primary measure used by the Board and executive management to assess the financial performance of the Group as it provides a more comparable assessment of the Group's year-on-year trading performance. It is also a key metric used by the investor community to assess the performance of the Group's operations.	Earnings before interest, tax, depreciation, amortisation, other gains and losses and impairment of non-current assets, excluding the impact of exceptional items and certain remeasurements (defined in note 3). Adjusted EBITDA excludes any earnings from associates or attributable to non-controlling interests.
Adjusted basic EPS	Basic EPS	Adjusted basic EPS represents the amount of Adjusted earnings (Adjusted post-tax earnings) attributable to each ordinary share.	Adjusted basic EPS is calculated by dividing the Group's Adjusted earnings attributable to owners of the parent company (Adjusted profit after tax) by the weighted average number of ordinary shares outstanding during the period.
Adjusted diluted EPS	Diluted EPS	Adjusted diluted EPS demonstrates the impact upon the Adjusted basic EPS if all outstanding share options, that are expected to vest on their future maturity dates and where the shares are considered to be dilutive, were exercised and treated as ordinary shares as at the reporting date.	Adjusted diluted EPS is calculated by dividing the Group's Adjusted earnings attributable to owners of the parent company (Adjusted profit after tax) by the weighted average number of ordinary shares outstanding during the period and dilutive potential ordinary shares outstanding under share plans during the period.
Borrowings	(2)	Borrowings provides information relating to the	Borrowings includes external financial debt

Borrowings	n/a(2)	Borrowings provides information relating to the Group's use of debt. It is a key measure of leverage and provides information on the sources of liquidity for the Group.	Borrowings includes external financial debt, such as loan notes, term loans and amounts drawn in cash under revolving credit facilities (RCFs). Borrowings does not include other financial liabilities such as pension obligations, trade and other payables and working capital facilities linked directly to specific payables (such as credit cards and deferred letters of credit) that provide a short extension of payment terms of less than 12 months (see note 5).
Net debt(3)	Borrowings and lease liabilities less cash and cash equivalents	Net debt is a key measure of the Group's liquidity and its ability to manage its financial obligations. Net debt is used as a basis by debt rating agencies to assess credit risk, and in the calculation of the Group's financial covenant requirements. The impact of hedging instruments included within Net debt shows the economic substance of the Net debt position, in terms of actual expected future cash flows to settle that debt.	Borrowings (as defined above) including the impact of hedging instruments, and lease liabilities calculated in accordance with IFRS 16 less cash and cash equivalents. Net debt excludes the proportion of cash, lease liabilities and borrowings in non-wholly owned entities that would be attributable to the non-controlling interests. Net debt includes the impact of foreign currency hedging instruments, meaning that any borrowings that have associated hedging instruments in place are adjusted to reflect those borrowings at the hedged rate. Net debt includes the impact of any cash collateral receipts from counterparties or cash collateral posted to counterparties.
Net debt to Adjusted EBITDA	Borrowings and lease liabilities less cash and cash equivalents divided by operating profit(1)	The Net debt to Adjusted EBITDA ratio is a debt ratio that gives an indication of how many years it would take the Group to pay back its debt if Net debt and Adjusted EBITDA are held constant. The Group has a long-term target for Net debt to Adjusted EBITDA of around 2.0 times.	Net debt divided by Adjusted EBITDA expressed as a multiple.
Cash and committed facilities	Cash and cash equivalents	This is a key measure of the Group's available liquidity and the Group's ability to manage its current obligations. It shows the value of cash available to the Group in a short period of time.	Total cash and cash equivalents plus the value of the Group's committed but undrawn facilities (including the Group's RCF, loan facilities and the Energy Solutions non-recourse trade receivables monetisation facility).
Capital expenditure	Property, plant and equipment (PPE) additions and intangible asset additions	Used to show the Group's total spend on PPE and intangible assets in a year.	PPE additions plus intangible asset additions.

(1) Operating profit is presented in the Group's Consolidated income statement; however, it is not defined per IFRS. It is a generally accepted measure of profit.

(2) Borrowings are presented in the Group's Consolidated balance sheet; they are a commonly used balance sheet line item heading however borrowings are not defined by IFRS, therefore the Group's borrowings may not be comparable to borrowings presented by other companies.

(3) During 2024, the Group updated its definition of Net debt to include lease liabilities, see note 3 for more information.

Glossary

Ancillary services
Services provided to National Grid used for balancing supply and demand or maintaining secure electricity supplies within acceptable limits. They are described in Connection Condition 8 of the Grid Code.

Availability
Average percentage of time the units were available for generation.

BECCS
Bioenergy with carbon capture and storage, with carbon resulting from power generation captured and stored.

Biogenic carbon cycle
Biogenic refers to something that is produced by, or originates from, a living organism. The biogenic carbon cycle is the natural process of plants and animals releasing CO_2 into the atmosphere through respiration and decomposition, and plants absorbing CO_2 via photosynthesis.

Biomass
Organic material of non-fossil origin, including organic waste, that can be converted into bioenergy through combustion. The Group uses sawmill and other wood industry residues and forest residuals (which includes low-grade roundwood, thinnings, branches and tops) in the form of compressed wood pellets, to generate electricity at Drax Power Station or sell the pellets to third parties.

Capacity Market
Part of the UK Government's Electricity Market Reform, the Capacity Market is intended to ensure security of electricity supply by providing a payment for reliable sources of capacity.

Carbon capture and storage (CCS)
The process of trapping or collecting carbon emissions from a large-scale source and then permanently storing them.

CCC
The UK's Climate Change Committee.

CDR
Carbon dioxide removal.

Contracts for Difference (CfD)
A mechanism to support investment in low-carbon electricity generation. The CfD works by stabilising revenues for generators at a fixed price level known as the "strike price". Generators will receive revenue from selling their electricity into the market as usual; however, when the market reference price is below the strike price, they also receive a top-up payment for the additional amount. Conversely, if the reference price is above the strike price, the generator must pay back the difference.

Combined Cycle Gas Turbines (CCGT)
A form of highly efficient energy generation technology that combines a gas-fired turbine with a steam turbine.

Department for Energy Security and Net Zero (DESNZ)
The UK Government Department that provides dedicated leadership focused on delivering security of energy supply, ensuring properly functioning markets, greater energy efficiency and seizing the opportunities of net zero to lead the world in new green industries.

Dispatchable power
An electricity generator produces dispatchable power when the power can be ramped up and down, or switched on or off, at short notice to provide (or dispatch) a flexible response to changes in electricity demand. Biomass, pumped storage, coal, oil, and gas electricity generation can meet these criteria and hence can be dispatchable power sources. Nuclear can be dispatched against an agreed schedule but is not flexible. Wind and solar electricity cannot be scheduled and hence are not dispatchable. An electricity system requires sufficient dispatchable power to operate and remain safe.

EBDS
The UK Government's Energy Bills Discount Scheme.

EBRS
The UK Government's Energy Bill Relief Scheme.

ENGO
Environmental NGO.

ESG
Environmental, Social and Governance.

First Nations
Any of the groups of indigenous peoples in Canada.

Forced outage/Unplanned outage
Any reduction in plant availability, excluding planned outages.

FSC®
Forest Stewardship Council: an international NGO which promotes responsible management of the world's forests.

Frequency response
The automatic change in generation output, or in demand, to maintain a system frequency of 50Hz.

GHG
Greenhouse gas.

Grid charges
Includes transmission network use of system charges (TNUoS), balancing services use of system charges (BSUoS) and distribution use of system charges (DUoS).

IAB
Independent Advisory Board, comprising scientists, academics, and forestry experts who provide independent challenge, insight and advice into the Group's activities.

IFRS
International Financial Reporting Standards.

Lost Time Incident Rate (LTIR)
The frequency rate is calculated on the following basis: (fatalities and lost time injuries)/hours worked x 100,000. Lost time injuries are defined as occurrences where the injured party is absent from work for more than 24 hours.

NGO
Non-governmental organisation.

Near Miss and Hazard Identification Rate (NMHIR)
NMHIR is the total number of near miss and hazard identification reports logged per 100,000 hours worked.

Open Cycle Gas Turbine (OCGT)
A free-standing gas turbine, using compressed air, to generate electricity.

Planned outage
A period during which scheduled maintenance is executed according to the plan set at the outset of the year.

PEFC
Programme for the Endorsement of Forest Certification: an independent, non-profit, non-governmental organisation that promotes sustainable forest management through independent third-party certification.

Pulp wood
A low value and bulky product, generally produced from the top of trees or from production thinnings, with the principal use of making wood pulp for paper production.

REGO
The Renewable Energy Guarantees of Origin (REGO) scheme provides certificates called REGOs which demonstrate electricity has been generated from renewable sources.

Reserve
Generation or demand available to be dispatched by the System Operator to correct a generation/demand imbalance, normally at two or more minutes' notice.

ROC
A Renewables Obligation Certificate (ROC) is a certificate issued to an accredited generator for electricity generated from eligible renewable sources.

Sawlog
A felled tree trunk suitable for being processed at a sawmill for cutting up into lumber.

SBP
Sustainable Biomass Program: a certification system designed for woody biomass used in industrial energy production.

Summer
The calendar months April to September.

Sustainable biomass
Biomass which complies with the definition of "sustainable source", Schedule 3, Land Criteria, UK Renewables Obligation Order 2015.

System operator
National Grid Electricity Transmission. Responsible for the co-ordination of electricity flows onto and over the transmission system, balancing generation supply and user demand.

TCFD
Task Force on Climate-related Financial Disclosures.

Thinning
Thinning operations correct overcrowding, and improve the health and vigour of those trees which remain. Thinning targets small, malformed, and diseased trees for removal, allowing the healthier trees the space, light, and soil to reach maturity sooner. Thinning also mitigates the risk of pest infestation and wildfire, while speeding the development of a more mature forest with increased plant diversity.

TNFD
Taskforce on Nature-related Financial Disclosures.

Total Recordable Incident Rate (TRIR)
The frequency rate is calculated on the following basis: (fatalities, lost time injuries and worse than first aid injuries)/hours worked x 100,000.

Total results
Financial performance measures prefixed with "Total" are calculated in accordance with IFRS.

Total shareholder return (TSR)
A measure of the performance of a company's shares over time. It combines the rise or fall of the share price and dividends paid to shareholders to show the total return to shareholders over a particular period.

UK ETS
The UK Emissions Trading Scheme is a mechanism introduced across the UK to reduce carbon emissions; the scheme is capable of being extended to cover all greenhouse gas emissions.

Winter
The calendar months October to March.