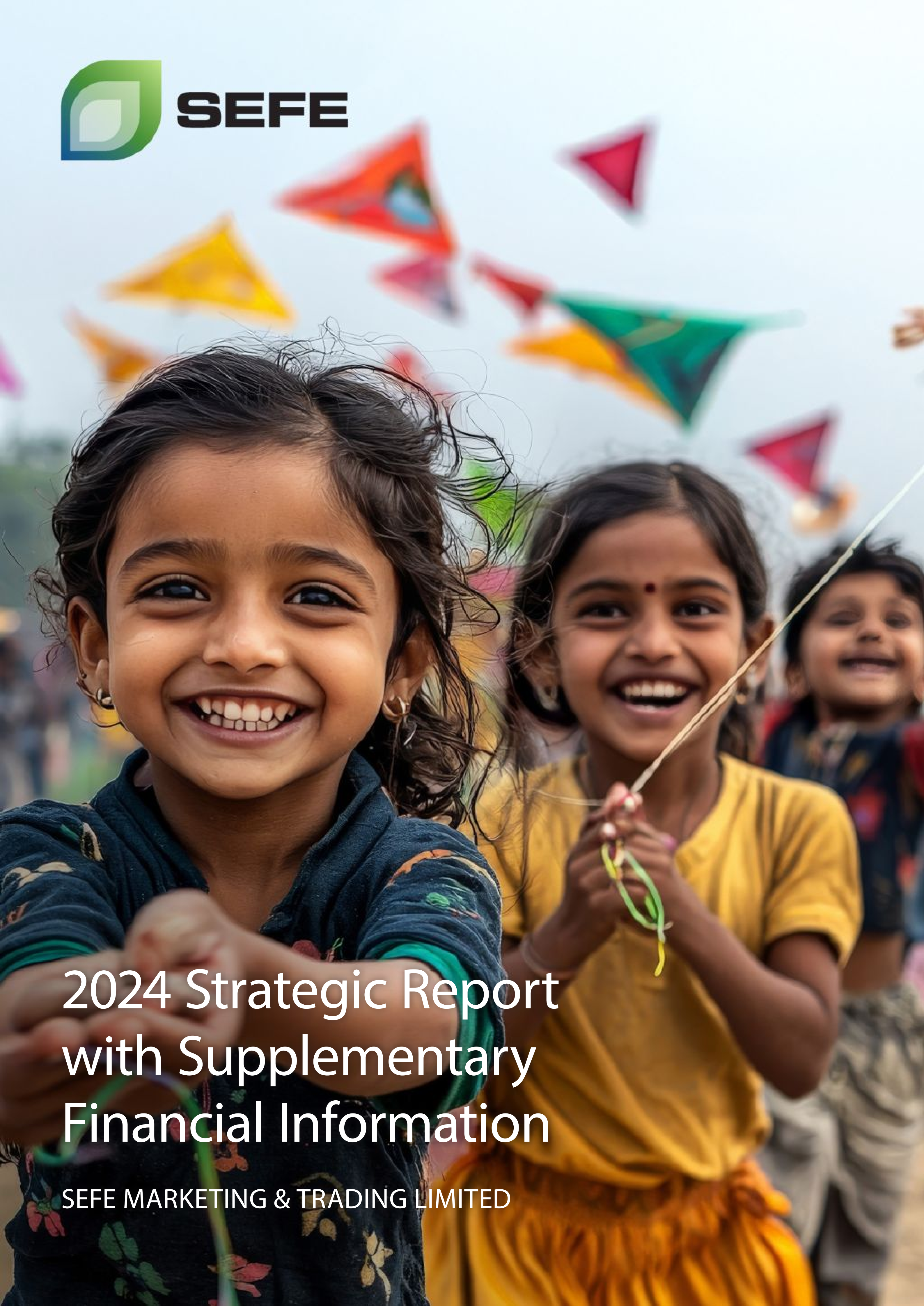

2024 Strategic Report with Supplementary Financial Information

SEFE MARKETING & TRADING LIMITED

Contents

STRATEGIC REPORT

The Directors present the Annual Report and the Consolidated Financial Statements of SEFE Marketing & Trading Limited ("SM&T" or the "Company") and its subsidiary undertakings (collectively referred to as the "Group") for the year ended 31 December 2024.

Principal activities

The principal activities of the Group and Company are trading and sales of energy products, including natural gas, power, liquefied natural gas (LNG), metals and environmental products, as well as related hedging and financial trading activities.

The Company's immediate parent company is SEFE Securing Energy for Europe GmbH ("SEFE"). In addition to the Group, SEFE operates a number of subsidiaries globally which form the "SEFE Group". The SEFE Group is active across global energy market hub locations but is primarily focused in the European and Asian energy markets.

The Group's Trading and Sales activities operate under integrated organisational and operational commercial models, ensuring coordinated decision-making and strategic alignment, maximising their combined impact. By integrating trading and sales portfolios, sales naturally offset volumes generated through trading, enabling optimal portfolio management and improving the Group's flexibility in adapting to market dynamics. This integration also promotes stability through essential hedging and balancing services provided by traders, reducing exposure to market volatility and delivering predictable outcomes. This unified approach strengthens the Group's market position, capitalises on synergies and drives sustainable value creation.

The energy trading and LNG businesses encompass the procurement, transportation, storage, marketing and trading of energy products such as natural gas, LNG, electricity and environmental products. The energy trading business also supports the energy transition by offering power purchase agreements (PPAs) for renewable energy, acquiring green certificates, and providing flexible asset management solutions. Additionally, it is expanding into new commodity markets, such as metals aimed towards maximising future sustainable growth prospects. The LNG business focuses on ensuring Europe's energy supply through subsidiaries in London and Singapore, engaging in physical LNG trading, freight capacity transactions and financial derivatives, supported by a portfolio of purchases and sales with third parties.

The energy sales business serves as a platform for shaping Europe's energy transition by supplying customers with natural gas and electricity, with plans to expand offerings to include hydrogen solutions. The energy sales business, primarily managed by SEFE Energy Ltd. in Manchester, supplies to small and medium-sized end customers in the United Kingdom, with additional markets served through a subsidiary in France and a branch in the Netherlands.

The global reach of the Group is reflected in the Consolidated Financial Statements, which comprise the consolidated results of 10 (2023: 10) individual legal entities covering the UK, continental Europe, North America and Asia (see note 10).

Group key developments and financial results in 2024

The Group's operating business developed positively in 2024, performing largely in line with expectations and building on the positive sustainable earnings achieved prior to the European energy crisis, leading to further improvement of the Group's retained earnings position.

Market development

Energy markets trended towards more stabilised levels in 2024, indicating the continuation of the stabilisation of energy prices that began in 2023. In particular, the price developments for natural gas at the Dutch Title Transfer Facility (TTF) and for power on the spot market of the European Energy Exchange AG showed a decline to levels closer to those seen before the energy crisis in 2022. The prices at the TTF are also decisive for the pricing of European imports of LNG.

The steady reduction in natural gas production volumes and the collapse in import volumes from Russia mean that northwestern Europe has to rely on other sources to meet its natural gas needs. The supply of LNG and its regasification continues to gain in importance for Europe.

Despite the economic upswing in the Asian markets and the resulting increase in demand for natural gas and LNG, energy prices declined on the LNG spot price index JKM, among others.

Group development

The Hydrogen (H2) accelerator has been integrated with the sales business, outlining that the Group's aim is to help customers achieve climate neutrality. This reorganisation makes it possible to actively shape market development in the field of hydrogen and to consolidate the Group's position as one of the leading providers of hydrogen solutions going forwards. In the first few months after the launch, significant partnerships were established and new projects were initiated globally.

The Group made significant progress in facilitating the energy transition through procuring increased volumes of green certificates and launching new metals trading capabilities. The Group also contracted new high-quality carbon offsets to offset future emissions.

In addition to being its sole shareholder, the Federal Republic of Germany continues to provide financial support to SEFE and its subsidiaries, in the form of a loan from Kreditanstalt für Wiederaufbau (KfW). Treasury is a centrally managed function within the SEFE Group and the Group is provided with appropriate levels of liquidity from its parent company to support its role as the face to traded markets for the SEFE Group. The Group currently benefits from a €4.8bn liquidity line from SEFE.

During 2024, the Group's strategic business units and reporting lines have been aligned to SEFE Group organisational structure and strategic steering model implemented in the year, with Trading and Sales operating together under an integrated commercial model.

Trading

Trading performance has returned to pre-energy-crisis levels after the record achievements of recent years. This normalisation is primarily due to prevailing market conditions, with commodity prices and spreads trending at lower levels compared to more recent years.

Despite these challenges, the Group generated robust profits through gas and power structured trading, with significant value derived from optimising seasonal storage spreads on gas inventories. Additionally, the Group continued to create value through bilateral transactions with a diverse range of counterparties and by providing hedging, optimisation, and risk management services to other business areas within the SEFE Group. Further profits were achieved through a well-diversified product portfolio, including increased margins from carbon trading driven by growing demand for these products as part of the energy transition. Optimisation of cross-border interconnector capacities also contributed significantly to profitability.

The LNG portfolio delivered an exceptional performance, achieving a record 132 cargo deliveries during the year (2023: 84 cargo deliveries), far outperforming pre-crisis levels. Supported by seven operational vessels, the LNG portfolio generated substantial profits by managing global supply and demand dynamics, optimising freight deliveries, leveraging contract flexibility and capitalising on favourable arbitrage opportunities. The Group strengthened its European supply capabilities by expanding regasification capacities and achieved a notable milestone with the successful delivery of its first LNG cargo to a German LNG regasification terminal, providing direct access to the German gas pipeline network.

Sales

The Retail business has seen gas volumes and number of sites supplied increase by 10.7% and 6.2% respectively in 2024. These increases have been driven mainly within the UK market, where the Group continues to grow its portfolio following the challenging market conditions of recent years. Power volumes have also increased by 68.3%, with site numbers increasing by 10.0%. This follows the trend seen in prior year, where an increased commercial focus on power is yielding positive results.

The Retail business UK gas market share increased to 22.0% in the year (2023: 19.6%). The Group holds the second highest share in the UK gas market (2023: second) by supplying 37,560 GWh of gas to end users (2023: 32,351 GWh). The Group's UK power market share increased to 1.0% (2023: 0.6%), after supplying 1,348 GWh of power to end users (2023: 711 GWh).

In France, the Group supplied 4,167 GWh of gas during the year (2023: 4,370 GWh).

In the Netherlands, the Group supplied 2,664 GWh of gas to end users (2023: 3,367 GWh) and the number of live gas sites has increased to 32,572 (2023: 26,374 sites). The Company also supplied 377 GWh of power to end users (2023: 315 GWh) and saw an increase in the number of live power sites to 18,068 (2023: 16,646 sites).

Financial key performance indicators

The Group's EBITDA for the financial year 2024 was £411.2m (2023: £418.3m). The Group, along with its parent company, has identified a series of financial key performance indicators (KPIs) which it believes are useful in assessing the Group's performance. These are set out below. Where appropriate, other KPIs are also included within the various sections of the Strategic Report.

Financial key performance indicators

Indicator type	Key Performance Indicator	2024 £m	2023[1] £m	Change %
Profitability	Net income	**745.6**	784.1	**(4.9%)**
	Underlying net income[1]	**745.6**	727.3	**2.5%**
Profitability	EBITDA	**411.2**	552.2	**(25.5%)**
	Underlying EBITDA[1]	**411.2**	418.3	**(1.7%)**
Profitability	Profit for the financial year	**199.4**	351.3	**(43.2%)**
	Underlying profit for the financial year[1]	**199.4**	240.3	**(17.0%)**

See "Abbreviations" for further explanation of these measures.

(1) 2023 figure excludes impact of exceptional items as detailed in note 5. It is calculated in a manner similar to the standard KPI, but the inputs are sourced from the Business performance column of the Financial Statements on page 11 and do not include the effect of exceptional items. No material exceptional items have been identified in 2024.

Future strategy of the business

Looking ahead to 2025, the Group expects financial results to be broadly aligned with those achieved in 2024. These projections are based on an anticipated continuation of the subdued market conditions observed in 2024, characterised by low absolute price levels, minimal seasonal spreads and reduced market volatility. While the exceptional results of 2022 and 2023 were driven by unprecedented market conditions, such outcomes are not expected to recur in 2025. The Group remains confident in its financial stability and core operating framework.

A significant focus for 2025 for the SEFE Group as a whole will be the preparation for privatisation and establishing a robust platform for future growth and green objectives.

Trading results in 2025 are expected to remain largely consistent with 2024 performance, with margin growth driven by new strategic initiatives. These initiatives include the continued growth of the metals trading strategies, increased intraday and bilateral power trading activity, expanded relationships with strategic counterparties, and entry into new markets such as Eastern Europe and the United States. LNG portfolio volumes are projected to grow further in 2025. Sales volumes are forecasted to exceed prior year levels, further strengthening the Group's market position. The Company will also continue to target growth in the power sales sector and advance its strategy for developing hydrogen sales.

Principal risks and uncertainties facing the Group

The SEFE Group operates an Enterprise Risk Management (ERM) system to manage risks effectively and consistently across the Group. ERM is pivotal in realising organisational objectives and ensuring coherent and comprehensive oversight over financial and commercial operations. Additionally, it augments business decision-making by identifying optimal risk-return alternatives.

The Risk Management System is an integral component of SEFE Group's business processes and activities. The commercial and support units are responsible for risk management as risk owners. The centralised Risk Management department supports these units by providing advisory, independent control, reporting and oversight services.

The SM&T Directors are in turn responsible for ensuring that SM&T follows the risk strategy, principles and policies as defined by its shareholder.

The principal risks can be aggregated under the following broad categories:

- **Market Risk:** The Group assesses its market risk, primarily affected by commodity and derivative prices, interest rates and foreign exchange rates with a Value-at-Risk (VaR) approach based on sophisticated Monte Carlo simulations. Operating units manage this risk in coordination with the Group's Risk Management department and within defined limits. The Group complements VaR assessments (and its shortcomings) with additional complex methods and controls, such as stress tests, correlations/diversification modelling, sensitivity analysis and exposure limits. Long-term LNG contracts, whose margins are impacted by the long-term trends in LNG and oil prices, as well as emerging markets for hydrogen and green products constitute significant challenges for risk management. Therefore in 2024, the Group Risk Management worked on enhancing its scenario-based long-term risk framework.
- **Credit Risk:** The Group manages its credit risk through a clear credit policy, a system of credit limits and robust credit assessment and monitoring processes. In 2024, following further progress, the Group's relationship with key trading counterparties was restored to pre-crisis levels. The broader, more diversified credit risk portfolio helps the Group to maintain its credit risk exposures at an acceptable level.
- **Liquidity Risk:** The Group regularly reconciles its financial commitments with available liquidity to meet its financial obligations. The liquidity risk management process is based on the assessment of the potential negative deviations from the planned cash flows arising from margin calls, as well as modelled realisations of market, credit and operational risks. The Group estimates maturity-dependent liquidity risk reserves, which must be covered by available liquidity, including committed financing lines. In 2024, the Group re-established trade-finance lines with several banks, enabling the return of cash collateral and the improvement of the Group's overall liquidity position. The KfW committed credit facility, reduction of the initial margin levels due to lower commodity prices, replacement of cash collateral by bank guarantees, positive cash generation from the Group's business activities, and continuous working capital optimisation all significantly reduced the liquidity risk for the Group.
- **Strategic Risk:** The organisation is fulfilling its security of supply obligations by procuring long-term LNG and pipeline gas supply as well as acquiring regasification capacity. The interplay of the security of supply requirements, the observed destruction of gas demand in Europe and the accelerated green transition represents the most challenging strategic risk, as the benefits from long-term supply contracts may be offset by the broader shift towards renewable energy with trading revenues being adversely impacted by the lower price and volatility levels. In addition, the constraints imposed by the European Commission as part of the transfer of the ownership to the German government may have an impact on the range of activities the Group can pursue in achieving its strategic goals while managing the arising strategic risks.
- **Operational Risk:** The Group defines operational risks as losses resulting from inadequate or failed internal processes, people, systems or external events. Based on the operational incident statistics, the level of the Group's operational risk has reduced closer to its historical average levels; this is due to falling energy prices and volatility as well as continuing process improvements. The Group's approach to mitigating operational risks relies both on thorough analysis of the realised incidents and on the pro-active identification of potential weaknesses through regular process reviews. These reviews are conducted by Risk and Internal Audit functions with the active participation of the process owners.
- **Information Security Risk:** The Group evaluates the level of this risk as high due to the ownership structure and the current geopolitical situation. To deal with the potential threats, in 2024 the Group continued to update its information security risk governance structure, with the Group maintaining and setting information security standards and independently monitoring adherence to them. The Group also embarked on an ambitious IT improvement programme, including replacement of the outdated IT systems, upgrade of the IT infrastructure and migration of existing IT systems to the cloud. All these measures are expected to significantly reduce information security risks.
- **Environmental Risks:** Severe weather, low tides and other climate-related anomalies present notable risks, impeding gas and LNG transportation and delivery. These adversities can lead to operational delays and financial losses. With regards to LNG, the Group does not own LNG carriers but charters its required shipping capacity on spot and time-charters.
- **Regulatory Risks:** The Group considers these risks elevated in the wake of the European energy crisis. The changes in the regulatory landscape may expose the Group to energy-specific regulatory risks, including tighter regulations of energy trading activities resulting in higher capital requirements, energy transition regulations and cross-border regulatory discrepancies. The Group manages these risks by continuously monitoring and analysing emerging national and EU regulatory policies and engaging with critical stakeholders, such as regulatory bodies, industry associations and the German government.

  Additional regulatory risk may materialise from potential further EU or Russian sanctions, as the Group still has one legacy Russian supply contract in its portfolio. The Group however does not undertake any other trading activity with Russian counterparties, and is constantly evaluating mitigating strategies.

- **Supply Chain Risk:** The highly globalised natural gas and LNG supply chain makes the Group vulnerable to geopolitical instability, such as war, sanctions or political unrest. The Group reduces these risks by diversifying its supply sources, conducting a robust Know Your Customer (KYC) process for its counterparties and vendors, ensuring compliance with international regulatory requirements, and using contractual clauses where possible.

S172(1) statement

The Directors, in executing the strategy and complying with their duties in the year, have considered how their actions would promote the success of the Group for the benefit of its members as a whole. The Directors take a long-term view in the decision-making process, allocating resources and investment to business areas which are expected to bring the most benefit to the Group in the coming years. This is evidenced through continued investment in IT infrastructure to support the future development of the business.

Customers, strategic partners and suppliers standards of business conduct

The Group is both a significant procurer and provider of energy, playing an active role in the European and Asian markets as a trading counterparty and in ensuring security of energy supply for customers. As such, the Directors consider high standards of business conduct to be critical. Substantial focus is placed on strong and professional relationships with the Group's counterparties, suppliers and customers; uninterrupted operations in its markets is fundamental to meeting this objective. Throughout the year the Group was in contact with trading counterparties, suppliers and customers to ensure that commercial commitments were mutually honoured.

The Group is committed to conducting business ethically, with honesty and integrity, and in compliance with all relevant laws and regulations. We do not tolerate any form of bribery, corruption or other unethical business conduct.

Our Code of Conduct outlines our core values and business principles which guide how we do business. It helps all employees to act in line with the standards, behaviours and principles required to do business to a high standard of professional and ethical conduct. Our policies and supporting documents provide further guidance and instruction, in line with best industry practice. These include our Competition Compliance, Financial Crime Compliance, Data Protection, and Information Security policies. Specific training is provided to relevant employees on these topics.

Corporate Social Responsibility (CSR)

As a conscientious business, the Group remains steadfast in its commitment to providing support for local communities. During 2024, the Group globally donated over £149,500 to various not-for-profit organisations:

- **KK Women's and Children's Hospital** – offers financial assistance and supports research and education programmes, enhancing women's and children's health in Singapore.
- **Make-A-Wish Foundation, Singapore** – helps children living with critical illness experience the transformative power of a wish.
- **London's Air Ambulance** – provides advanced trauma care to critically injured patients across London, delivering life-saving treatment at the scene of serious incidents.
- **FC Marylebone, London** – funds an after-school football club for kids from disadvantaged backgrounds near Marylebone Station.
- **Royal Marines Charity, London** – provides lifelong support to serving former Royal Marines and their families, ensuring they receive financial assistance, career transition support and mental health resources.
- **Euston Foodbank, London** – provides emergency food and support to individuals and families in crisis as part of The Trussell Trust network, helping to combat food poverty and connect people with additional resources to rebuild their lives.
- **Coram's Fields, London** – a unique seven-acre park and playground in the heart of London, that provides free, safe spaces for play, sports and community activities for children and young people.
- **Little Village, London** – a baby bank charity that supports families with young children living in poverty across London by redistributing pre-loved clothes, toys and essential baby equipment.
- **Lifeafterhummus, London** – a community-driven social supermarket and reuse centre in Camden that reduces food waste while supporting vulnerable families by redistributing surplus food, clothing and household essentials.
- **Regents Place Community Fund, London** – a local grant-making initiative that supports charities and community projects in Camden and Westminster, focusing on education, employment and social wellbeing.
- **UCLH Charity, London** – supports University College London Hospitals (UCLH) NHS Foundation Trust, funding projects that enhance patient care, research, and medical innovation.
- **Manchester Youth Zone** – provides annual memberships and supports various activities for young people in a deprived area.
- **Alzheimer's Society** – the UK's leading dementia charity that tackles all aspects of dementia by providing help and hope to people living with dementia today and in the future.
- **The Wildlife Trust for Lancashire, Manchester, and North Merseyside** – helps protect wildlife and wild places across Lancashire, Manchester, and North Merseyside, both on land and at sea, for the benefit of nature and people.
- **Mental Health Foundation, UK** – promotes good mental health and addresses mental health issues through prevention, research, community programmes and advocacy.

Employees

The Directors believe that the Group's success is aligned with the interests and wellbeing of its employees. They have been active in balancing the need for the business to remain competitive, and the need to continue to provide the Group's employees with a stable work environment and development opportunities. Employee wellbeing continues to be a key priority for the Directors, and the Group has 19 (2023: 22) qualified Mental Health First Aiders on hand to offer support and advice to employees.

Non-financial and sustainability information statement

Under Sections 414CA and 414CB of the UK Companies Act 2006, the Group is required to include in its Strategic Report, a non-financial and sustainability statement containing certain information. In relation to non-financial information, please refer to the S172(1) statement above. As part of our commitment to transparency and ethical practices, we have made our Anti-Bribery and Anti-Corruption Statement, as well as our Human Rights Statement, available on our Group's website at www.sefe-mt.com.

The section below covers the key requirements for Climate-related disclosures and Environmental matters including the Group's governance arrangements and the risk and opportunities assessment. We have made disclosures in the section below consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

SM&T and its subsidiary companies form part of the overall SEFE Group and are primarily responsible for the sourcing and trading of natural gas, LNG, power and carbon products, and the retail supply of energy products.

The executive management of SEFE Group comprises the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Commercial Officer, and Chief Sales Officer, whose responsibilities span the SEFE Group's legal entity structure, including the Group.

As an integral part of the SEFE Group, the Group adheres to the governance, strategy, risk processes and targets established by the SEFE Group for all its activities.

The governance of sustainability and climate change matters at SEFE Group is built on efficient collaboration between the Management Council and the Supervisory Board, in accordance with the dual board system required by German legislation. This structure is further strengthened by the expertise of the Environmental, Social & Governance (ESG) and Risk committees. Robust risk management and transparent disclosures are key elements of this framework.

The current remit and roles of key SEFE Group bodies in relation to climate change are detailed below:

- **SEEHG Securing Energy for Europe Holding GmbH Supervisory Board (the SEFE Group Supervisory Board):** Responsible for supervising and monitoring strategy definition and implementation in the SEFE Group, including oversight of SEFE Group climate risk management and energy transition activities and broader ESG issues. In 2024, the Supervisory Board discussed the SEFE Group's emission targets as part of a wider discussion on SEFE Group's corporate strategy and reviewed reports from the ESG Committee on SEFE Group's ESG activities.
- **Risk Committee of the Supervisory Board:** Oversees the identification, assessment, management and mitigation of the key risks facing SEFE Group, including ESG and specifically climate-related risks, and reports on its findings to the Supervisory Board.
- **ESG Committee of the Supervisory Board:** Advises the Supervisory Board and Management Council on SEFE Group's ESG activities and their integration into business strategy and makes recommendations on ESG targets and their delivery. In 2024, there were two meetings of the ESG Committee which covered the progress against key ESG priorities and targets, review of ESG-related initiatives and GHG emissions data, and updates on ESG reporting. The ESG Committee's reports to the Supervisory Board confirmed that SEFE Group is on track with implementation of its ESG strategy.
- **SEFE Group Management Council:** Steers the day-to-day business of the SEFE Group, including the development of ESG strategy, targets and initiatives to support its energy transition activities and reduce its GHG emissions, and reports on its activities to the Supervisory Board.
- **Key Executive Directors' climate responsibilities:** The SEFE Group CEO is accountable for strategy development and execution, including SEFE Group's approach to ESG topics such as climate change, in consultation and collaboration with the Management Council and Supervisory Board. The SEFE Group CFO is responsible for ensuring processes are in place to manage and mitigate ESG risks including climate-related risks.
- **SEFE Group Strategy and Sustainability/ESG Team:** Responsible for implementing ESG strategy and related ESG processes and activities working closely with other functions within SEFE Group. The Head of ESG reports progress on ESG activities and performance to the CEO and ESG Committee.

Strategy

The Group and the wider SEFE Group is a major supplier, seller and trader of natural gas, LNG, power and emissions products in European and global energy markets, and is a key gas infrastructure owner and operator in Europe.

In support of SEFE and the Group's energy transition strategy, the following activities are being undertaken:

- **Hydrogen & Clean Energies:** The development of a secure clean and low-carbon energy to meet the needs of our customers in Europe including the UK. Given the dynamic nature of the techno-economic and regulatory landscapes, together with different customer requirements, SEFE Group is exploring a range of pathways to achieve these goals. This includes seeking global and local partnerships to secure large-scale and cost-efficient hydrogen supply and evaluating plans to develop hydrogen storage caverns at gas storage facilities.
- **Sales:** The sale of low-carbon products to UK and European customers through SM&T's subsidiary, SEFE Energy Limited. The current focus is on growing SEFE Energy's existing power customer base and developing low-carbon power solutions and offers to support this activity.
- **Digital Trading & Energy Transition:** The risk management and optimisation of third-party power assets, including renewable power balancing activities, and the origination of green gas and power certificates. SM&T is enhancing the capabilities of its traders and analysts with new and advanced tools, including the development of an algorithmic trading platform. It is also developing a multi-product platform for clients which will facilitate the selling of power, gas, carbon, and metals, significantly improving our execution capabilities and ensuring that clients receive a comprehensive and efficient service.
- **Environmental Products:** The origination, trading and marketing of voluntary carbon offset products.
- **Gas, Power & Derivatives:** The trading and sales of European and UK emissions allowances.

Climate-related risks and opportunities

In 2024, as part of the preparations for reporting under EU Corporate Sustainability Reporting Directive, a broad range of stakeholders were consulted to update key ESG impacts, risks and opportunities for the SEFE Group, including climate-related risks and opportunities. These impacts, risks and opportunities are currently being assessed and include the following impacts for SM&T:

- **The value of the Group's gas and LNG activities,** which could be impacted by climate change and the energy transition. Changes in regulations or consumer preferences, due to concerns over climate change, could reduce demand for fossil fuels over the long term (10-25 years). Alternatively, fossil fuel demand could remain higher if energy security concerns remain at the forefront of society and policymakers' concerns.
- **The Group's ability to grow its hydrogen and other low-carbon businesses,** possibly due to lack of supportive policies, strong competition, insufficient consumer demand, slower development of new technologies and supporting supply chain constraints. This could particularly impact short-term (0-1 years) and medium-term business plans (1-10 years) as the Group builds its hydrogen and low-carbon energy businesses. Alternatively, stronger demand, policy support or faster technology development and adoption of low-carbon energy could support a more rapid development of the hydrogen and low-carbon energy businesses.
- **The Group's ability to execute the SEFE Group strategy** is significantly influenced by how well SEFE Group's business model aligns with societal values, in particular with regards to low-carbon energy sources and greenhouse gas emissions. Misalignment and negative perceptions about SEFE Group's operations could result in several challenges, including potential litigation, reputational damage, reduced access to financing, difficulties attracting and retaining talent, and possible shareholder actions. These impacts could occur across the whole time period (1-25 years). Focusing on SEFE Group's ability to adapt its business model to better align with societal expectations, such as investing in low-carbon energy and emissions reduction initiatives, could mitigate these risks. By doing so, SEFE Group could enhance stakeholder support, which in turn may unlock new or expanded sources of capital for these impactful opportunities.
- **Increasing climate-related physical risks impacting Group operations,** including the impact of severe weather in the long term, could impede the transportation and delivery of gas and LNG to European and global customers such as, for example, extreme sea conditions impacting sailing times. These impacts may become more severe over time if climate change accelerates.

Impact on the Group and the wider SEFE Group strategy

SEFE Group's vision, strategy and business planning is informed by the climate-related risks and opportunities listed above.

SEFE Group's vision is to be a European energy major in the global low-carbon economy, with a mission to provide energy and solutions for a low-carbon society. We strive to lead our customers and partners on their decarbonisation journey by providing competitive, affordable, innovative and flexible solutions while managing uncertainty.

The Group and the wider SEFE Group's strategy and business planning addresses key climate-related risks and opportunities through the following key initiatives:

- **Reducing the Group's emissions.** The Group and the wider SEFE Group have established a net zero target for its Scope 1 and 2 emissions. A range of emissions reduction activities are being implemented to deliver on these targets, including SM&T office-related energy use and emissions reduction initiatives, such as equipping our offices with LED light bulbs, switching energy supply to renewable electricity and utilising smart building technology to reduce energy use.
- **Growing the Group's portfolio of low-carbon energy products, potentially enabling Scope 3 emissions reduction through customer switching to lower carbon products.** These include targets for low-carbon product sales based on expected market developments in Europe. The Group is evaluating agreements and partnerships to source low-carbon hydrogen and renewable power, with a focus on gaining access to competitive supply.
- **Supporting the Group's customers and partners to improve energy efficiency and reduce their carbon emissions,** through energy audits for retail customers and state-of-the-art asset optimisation solutions to energy asset owners, which support the active balancing of low-carbon electricity.
- **Developing the Group's low-carbon energy trading capability and managing associated risks.** These activities will enable SM&T to replace trading gross margin from its current fossil fuel-based trading activities with new sources of trading income, as well as provide trading access and risk management services to third parties.
- **Growing the Group's carbon offset business to mitigate emissions impacts in SEFE Group's and its customers' businesses.** This includes investments in carbon offset projects, where these offer access to high-quality carbon credits at an attractive price.

Financial planning

The Group and the wider SEFE Group are allocating capital to energy transition activities, both to capture climate change-related opportunities and reduce emissions impacts. This includes investment in hydrogen and carbon offset activities, such as hydrogen caverns and carbon offsets.

While there are risks that financial institutions may reduce capital available for existing fossil fuel-based activities in response to climate change impacts, SEFE Group works closely with its banking partners to answer all of their ESG questions and maintain access to ongoing funding.

SEFE Group is also assessing opportunities to use internal carbon pricing to raise awareness of potential carbon costs from its activities.

Scenario testing

The Group and the wider SEFE Group's long-term gross margin forecasts are tested against a range of market scenarios. For its base case, SEFE Group utilises a Wood Mackenzie view of energy supply and demand to 2050. SEFE Group then tests its gross margin forecast by stress testing its long-term portfolio exposures against a set of forward prices derived from a spectrum of energy transition scenarios, which includes Wood Mackenzie's Net Zero (NZE), IEA's Announced Pledges (APS) and IEA's Stated Policies (STEPS) scenarios.

There is significant uncertainty in the pace and nature of the energy transition, with a wide range of outcomes under different scenarios that will require ongoing monitoring.

The current insights from this scenario analysis include the following:

- SEFE Group's corporate strategy, with its flexible portfolio approach, is expected to be resilient under each of these scenarios. SEFE's volumetric supply portfolio is not over-contracted versus forecasted demand and is constructed in a way in which long-term market risk is quantified and sized appropriately for the company's risk appetite. Flexibility, in price and delivery location, is a common theme in the long-term portfolio, and allows SEFE to react quickly to changes in market requirements.
- Further, SEFE's business areas will adapt with market requirements. For example, under low emissions scenarios (NZE & APS), European gas demand declines significantly over the long term impacting revenues from fossil fuel activities and emphasising the importance of SEFE developing a low-carbon energy sales portfolio. By building this portfolio, earnings from low-carbon activities will gradually displace reduced income from fossil fuel-based activities.
- This stress test analysis currently focuses on the expected financial outcomes of each scenario. This analysis will be expanded in 2025 to quantify SEFE Group's Scope 3 emissions under each scenario. This will support the assessment of different strategic options in meeting SEFE Group's Scope 3 emission reductions goals as these are defined.

Risk management

The Group and the wider SEFE Group are committed to managing climate-related risks and opportunities in a responsible and effective manner, having a comprehensive risk management framework in place that applies to the Group. This framework includes the following elements:

- **Governance:** As covered in Governance section above, the Supervisory Board is responsible for overseeing the SEFE Group's risk management framework. The Supervisory Board has established a Risk Committee that is responsible for reviewing and approving the SEFE Group's risk appetite, policies and procedures.
- **Risk Identification and Assessment:** The SEFE Group's risk management framework includes climate-related risks. The process to identify and assess these risks involves the following steps:
  - Identifying the company's exposure to climate-related risks. The SEFE Group faces a range of climate-related risks, including:
    - i. Physical risks such as extreme weather events and sea level rises. These risks could disrupt the SEFE Group's operations, damage its assets and lead to financial losses.
    - ii. Energy transition risks, including the costs of adapting to a low-carbon economy resulting from changes in regulations, market prices and consumer preferences. These could also lead to financial losses for the SEFE Group.
  - Assessing the likelihood and impact of these risks.
  - Prioritising the risks based on their potential impact and likelihood on the SEFE Group.

- **Risk Mitigation:** SEFE Group is implementing a range of risk mitigation strategies to address climate-related risks. These strategies include:
  - **Energy transition risks:** The Group and the wider SEFE Group are undertaking a range of initiatives to reduce energy transition risks, including evaluating and investing in low-carbon energy, logistics decarbonisation and carbon offset opportunities.
  - **Physical risks:** The Group and the wider SEFE Group will develop plans to mitigate against the risks of extreme weather events and ensure its operations are resilient to the impacts of climate change, including its logistics activities.
  - **Other risk management approaches:** Transferring the Group and the wider SEFE Group risks through instruments such as insurance will also help to protect the Group from financial losses in the event of a climate-related event.
- **Risk Monitoring and Reporting:** The SEFE Group's risk management framework is being expanded to include a process for monitoring and reporting on climate-related risks. This process will involve the following steps:
  - Monitoring the Company's exposure to climate-related risks.
  - Reporting on the Company's risk mitigation strategies.
  - Communicating the Company's risk management framework to stakeholders.

In summary, the Group and the wider SEFE Group remain committed to managing climate-related risks in a responsible and effective manner. The Group is integrating climate-related risk identification, assessment, mitigation and monitoring into the existing risk management framework. The Group is also taking steps to reduce its greenhouse gas emissions and adapt to the impacts of climate change.

Targets and metrics

The Group and wider SEFE Group have established an initial set of emissions and energy transition-related targets for its businesses. The Group plays a critical role in delivering these targets through its supply, trading and optimisation activities.

The key targets are as follows:

- **To achieve net zero on its Scope 1 & 2 emissions by 2040.** In support of this, the aim is to reduce Scope 1 & 2 emissions by more than 50% by 2030 in SEFE Group-controlled operations and office-related activities relative to a 2021 baseline. The Group's contribution to this target will focus on reducing office emissions as shown in the SECR report below.
- **To generate a 15% reduction in absolute Scope 3 GHG emissions by 2030 globally** relative to a 2021 baseline. The Group's main contribution to this target will focus on growing the Group's portfolio of low-carbon energy products, potentially enabling Scope 3 emissions reduction through customer switching to lower carbon products.
- **To sell in excess of 25 Terawatt hours (TWh) p.a. of low-carbon energy by 2030.** The Group will contribute towards this aim through its ongoing low-carbon hydrogen and renewable power sourcing and sales activities.

Streamlined Energy and Carbon Report (Group and Company)

The statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covers energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

	Global		United Kingdom[(1)]	
Reporting Category	**2024**	2023	**2024**	2023
Scope 1				
Energy Consumption (kWh)	**254,654**	227,762	**138,241**	74,289
Annual Emissions (tCO_2e)	**55.07**	50.98	**28.02**	15.06
Scope 2				
Energy Consumption[(2)] (kWh)	**2,163,859**	2,163,320	**1,884,450**	1,857,448
Annual Emissions[(2)] (tCO_2e)	**421.59**	442.01	**366.66**	378.96
Scope 3				
Energy Consumption[(3)] (kWh)	**21,746**	20,997	**14,234**	15,066
Annual Emissions[(3)] (tCO_2e)	**5.25**	5.09	**3.43**	3.65
Total Scope 1 & 2				
Energy Consumption (kWh)	**2,418,513**	2,391,082	**2,022,690**	1,931,737
Annual Emissions (tCO_2e)	**476.66**	492.99	**394.68**	394.02
Emissions Intensity Ratio (tCO_2e/employee)	**0.56**	0.66	**0.56**	0.64
Total Scope 1, 2, & 3				
Energy Consumption (kWh)	**2,440,259**	2,412,079	**2,036,924**	1,946,803
Annual Emissions (tCO_2e)	**481.91**	498.08	**398.11**	397.67
Emissions Intensity Ratio (tCO_2e/employee)	**0.57**	0.67	**0.56**	0.64

(1) The table now shows Global & UK split as opposed to Group and Company in the prior period.
(2) Change in Scope 2 from market-based to location-based approach; previous year's figures are now also location-based.
(3) Scope 3 emissions are limited to only emissions related to Business Travel by employee cars only.

In 2024, the Group eliminated diesel fuel use and reduced petrol consumption in company cars by 24%.

Electricity consumption for electric cars increased, but overall electricity usage for offices and cars decreased by nearly 4% due to energy-saving measures, with 89% of electricity now coming from renewable sources.

Scope 3 emissions from private vehicles used for business trips increased slightly.

Total emissions were reduced slightly compared to the previous year and stand at 482 tCO_2e compared to 498 tCO_2e in 2023.

Methodology used in the calculation of disclosures

The UK-based entities within the Group comply with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Our approach to reporting is based on the Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (2019) and the GHG Protocol: Corporate Accounting and Reporting Standard Revised Edition (2004).

Energy use has been reported in kWh and emissions in tCO_2e; SM&T's reporting period is 1 January 2024 to 31 December 2024. The SEFE Group applies an operational control approach to the calculation of its GHG emission inventory in line with many other oil and gas companies. As a result, the following emissions scopes and categories have been included for SM&T:

- **Scope 1** – Fuel combustion by company-owned or leased cars and direct gas consumption for the kitchen. SM&T's LNG time charters are not included as SM&T does not operate these vessels (in terms of providing crew, maintaining or insuring these vessels).
- **Scope 2** – Energy consumption (electricity and heat) in offices leased (i.e. those within the financial control boundary) by SM&T.
- **Scope 3** – Includes fuel combustion of employee cars during business trips.

The methodology used to calculate total energy consumption and carbon emissions utilises invoice data, submetering data, business transport mileage and fuel records, and UK government conversion factors for company reporting of greenhouse gas emissions.

All figures have been presented as location-based emissions. The location-based emissions reflect the average emission of the grid where the energy consumption occurs and is calculated using these UK Government GHG Conversion Factors for company reporting we have used.

The headcount figure used in the emissions intensity ratio only includes active employees attending the office locations.

Energy efficiency actions

SM&T is committed to responsible energy management and improving energy efficiency throughout its organisation.

Actions already taken and planned for the immediate future include:

- Since 2024, five of the seven offices of the Group have been supplied with electricity from renewable energy sources.
- The entire office lighting in Singapore was successfully converted to LED lighting. In London, after the kitchen and some meeting rooms, further areas (toilets, lift lobbies and stairwells) were converted to LED lighting in 2024.
- A timer was introduced in Singapore to control the office lighting. In addition, further sensor systems were purchased for the lighting to prevent areas with low traffic from being lit unnecessarily, but only when needed.
- In s-Hertogenbosch, the electric charging capacity was expanded by 60 new charging stations (to a total of 100 charging stations).
- A new smart air conditioning control system is to be purchased for the London office so that smaller areas can be supplied with cool air rather than the entire office area as a whole.
- In the Manchester office, the new settings on the air conditioning system led to savings of almost 30,000 kWh.
- In the Manchester office, all monitors were replaced with more energy-efficient monitors.

Approved by, and signed on behalf of, the Board of Directors, in accordance with Section 414 of the Companies Act 2006.

F Barnaud
14 March 2025

DIRECTORS' REPORT

Directors and their interests
The Directors who served during the year, and up to the date of the signing of the audited Consolidated Financial Statements, were as follows:

E Laege
F Barnaud

There are no Directors' interests in the share capital of the Company as at the date of this report requiring disclosure under the Companies Act 2006.

Likely future developments
The likely future developments of the Group's business have been disclosed in the Strategic Report.

Overseas branches
The Group has branch activities across Europe covering the Czech Republic, Romania, Slovak Republic, the Netherlands, Norway and France.

Financial instruments
The Group's normal operating and financing activities expose it to a variety of financial risks. The primary financial risks are market risk (including risks from commodity and derivative prices, interest rates and foreign exchange rates), credit risk and liquidity risk. The Group's overall risk management process is designed to identify, manage and mitigate such risk. Information on the Group's exposure to financial risks and its risk management objectives and policies, including hedge accounting, can be found in note 15.

Employees
The Directors continue to place significant value on the Group's investment in its employees and to ensure that employees are kept informed on matters affecting them, while encouraging all employees to contribute their views on the Group's strategy and performance to management. The Group also operates a compensation policy that allows employees to participate in the ongoing success of the business.

Details of how the Directors have considered employees' interests in executing the Group's strategy in the year can be found in the Strategic Report, in the S172(1) statement section.

Disabled applicants and existing disabled employees of the Group are treated fairly and on terms comparable with those of other employees. Equally, employees who become disabled during their employment receive training, where necessary, in order to promote their ongoing career development.

Other stakeholders
Details of how the Directors have considered the Group's other stakeholders' interests in executing its strategy during the year can be found in the Strategic Report, under the S172(1) statement section.

Corporate governance
The Group has not applied a specific corporate governance code during the year, as it seeks to align itself to the extent applicable with the corporate governance principles of the SEFE Group. This is reflective of the Group's status as a wholly owned subsidiary within the SEFE Group.

Qualifying third-party indemnity provisions
Qualifying third-party indemnity provisions, as defined in the Companies Act 2006, were in force during the year and up to the date of the Directors' report for the benefit of all Directors of the Company.

Political contributions
The Group and the Company made no political donations during the year (2023: £nil).

Statement of going concern
In the opinion of the Directors there are no reasonably plausible circumstances in which the going concern basis might not be appropriate, and as a result, these Financial Statements have been prepared on a going concern basis. Please see note 2, Basis of preparation for the Group's Statement of going concern.

Dividends
The Company had no dividends declared or paid during the year (2023: £nil). No dividend income was received by the Company from its subsidiaries in 2024 (2023: £nil). Since the reporting date, no further dividends were paid or proposed.

Streamlined Energy and Carbon Report (Company)
The statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) has been disclosed as part of the TCFD reporting in the Strategic Report.

Directors' disclosure to the auditors
Each Director in accordance with Section 418 of the Companies Act 2006 has confirmed the following statement, that in respect of the audit of the Group and Company Financial Statements of SEFE Marketing & Trading Limited for the year ended 31 December 2024:

- So far as the Director is aware there is no relevant audit information of which the Group's and Company's auditors are unaware.
- He has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Independent auditors
PricewaterhouseCoopers LLP, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Companies Act 2006.

The Financial Statements on pages 11 to 46 were approved by the Board of Directors on 14 March 2025 and signed on its behalf by

F Barnaud
14 March 2025

INDEPENDENT AUDITORS' STATEMENT TO THE MEMBERS OF SEFE MARKETING & TRADING LIMITED

We have examined the supplementary financial information included within the Strategic Report with Supplementary Financial Information for the year ended 31 December 2024, which comprises the Group and Company Statements of financial position as at 31 December 2024, the Group and Company Statements of comprehensive income, the Group and Company Statements of cash flows and the Group and Company statements of changes in equity for the year then ended and the notes to the financial statements.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the Strategic Report with Supplementary Financial Information, in accordance with the Companies Act 2006, which includes information extracted from the full Annual Report and Consolidated Financial Statements of SEFE Marketing & Trading Limited for the year ended 31 December 2024.

Our responsibility is to report to you our opinion on the consistency of the summary financial information, included within the Strategic Report with Supplementary Financial Information, with the full Annual Report and Consolidated Financial Statements.

This statement, including the opinion, has been prepared for and only for the members of SEFE Marketing & Trading Limited as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances disclosed in the summary financial information to the full annual financial statements. Our audit report on the Group and Company's full Annual Report and Consolidated Financial Statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the supplementary financial information is consistent with the full Annual Report and Consolidated Financial Statements of SEFE Marketing & Trading Limited for the year ended 31 December 2024.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
14 March 2025

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023		
Group	Note	**Results for the year £'000s**	Business performance £'000s	Exceptional items[1] £'000s	Results for the year £'000s
Revenue	6	**6,293,499**	5,367,931	–	5,367,931
Cost of sales		**(6,010,591)**	(5,109,460)	–	(5,109,460)
Gross profit		**282,908**	258,471	–	258,471
Trading and hedging activities:					
Net result from trading and hedging activities	5,7	**462,689**	468,814	56,774	525,588
Net income		**745,597**	727,285	56,774	784,059
Administrative expenses	8	**(447,203)**	(393,076)	–	(393,076)
Net impairment (loss)/reversals on financial and contract assets	5,15	**(10,623)**	(12,285)	77,042	64,757
Operating profit		**287,771**	321,924	133,816	455,740
Interest income	14	**29,754**	58,545	–	58,545
Interest expense	5,14	**(107,429)**	(85,245)	(7,437)	(92,682)
Other income		**3,971**	4,319	–	4,319
Loss on disposal of non-current assets and liabilities	9	**–**	(143)	–	(143)
Profit before tax		**214,067**	299,400	126,379	425,779
Tax		**(14,651)**	(59,082)	(15,446)	(74,528)
Profit for the financial year		**199,416**	240,318	110,933	351,251
Hedge reserves:					
Hedging (losses)/gains recognised during the year		**(347,241)**	541,201	–	541,201
Tax on items taken directly to equity		**5,269**	107,328	–	107,328
Hedging gains reclassified to profit or loss		**(51,100)**	(341,712)	–	(341,712)
Tax on items transferred from equity		**(49,159)**	113,135	–	113,135
Foreign currency translation reserve:					
Loss on foreign currency translation		**(15,232)**	(14,051)	–	(14,051)
Total other comprehensive (expense)/income[2]		**(457,463)**	405,901	–	405,901
Total comprehensive (expense)/income		**(258,047)**	646,219	110,933	757,152
Total comprehensive (expense)/income attributable to:					
Equity owners of the parent		**(258,047)**	646,219	110,933	757,152

(1) Refer to note 5 for more details around disclosures of Exceptional items.
(2) All amounts are subsequently reclassified to profit and loss when specific conditions are met.

All operations were continuing in the current and prior year. The notes on pages 16 to 46 form an integral part of the Supplementary Financial Information.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

Company	Note	2024 Results for the year £'000s	2023 Business performance £'000s	2023 Exceptional items[1] £'000s	2023 Results for the year £'000s
Trading and hedging activities:					
Net result from trading and hedging activities	5,7	**134,155**	458,176	56,774	514,950
Net income		**134,155**	458,176	56,774	514,950
Administrative expenses	8	**(232,295)**	(226,885)	–	(226,885)
Net impairment (loss)/reversals on financial and contract assets	15	**(2,070)**	10,830	–	10,830
Income from subsidiaries		**39,664**	18,954	–	18,954
Operating (loss)/profit		**(60,546)**	261,075	56,774	317,849
Interest income	14	**48,863**	92,469	–	92,469
Interest expense	14	**(115,539)**	(127,629)	–	(127,629)
Other income		**3,971**	4,319	–	4,319
Loss on disposal of non-current assets and liabilities	9	**–**	(11)	–	(11)
(Loss)/profit before tax		**(123,251)**	230,223	56,774	286,997
Tax		**31,022**	(46,771)	(13,342)	(60,113)
(Loss)/profit and total comprehensive (expense)/income for the financial year		**(92,229)**	183,452	43,432	226,884

(1) Refer to note 5 for more details around disclosures of Exceptional items.

All operations were continuing in the current and prior year. The notes on pages 16 to 46 form an integral part of the Supplementary Financial Information.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
	Note	**2024 £'000s**	2023 £'000s	**2024 £'000s**	2023 £'000s
Assets					
Non-current assets					
Intangible assets		**57,526**	55,763	**36,294**	33,830
Property, plant and equipment		**11,040**	10,610	**9,668**	8,839
Right-of-use assets	9	**274,838**	300,276	**30,913**	6,050
Financial assets measured at fair value	16	**366,900**	570,606	**532,082**	696,623
Investments in subsidiaries	10	**–**	–	**7,957**	7,958
Deferred tax assets		**204,395**	170,191	**10,667**	14,967
Trade and other receivables	14	**–**	258,130	**–**	–
Lease receivables	12	**–**	431	**–**	431
Total non-current assets		**914,699**	1,366,007	**627,581**	768,698
Current assets					
Inventories	11	**937,103**	1,729,455	**887,288**	1,657,378
Trade and other receivables	14	**3,058,192**	2,584,012	**3,217,567**	1,977,892
Lease receivables	12	**2,291**	1,209	**2,291**	1,209
Financial assets measured at fair value	16	**1,424,264**	2,709,270	**2,050,347**	3,469,294
Current tax assets		**58,508**	14,241	**51,504**	10,628
Cash pool receivables from related parties	14	**587,890**	490,541	**645,109**	1,036,378
Cash at bank and in hand	14	**49,792**	111,742	**895**	23,989
Total current assets		**6,118,040**	7,640,470	**6,855,001**	8,176,768
Total assets		**7,032,739**	9,006,477	**7,482,582**	8,945,466
Liabilities					
Current liabilities					
Trade and other payables	14	**2,278,765**	1,867,716	**1,975,586**	1,664,642
Financial liabilities measured at fair value	16	**1,615,626**	2,545,473	**2,028,509**	3,409,832
Provisions		**73,716**	40,553	**210**	199
Current tax liabilities		**10,516**	10,353	**–**	–
Loans, overdrafts and cash pool payables with related parties	14	**818,547**	1,661,918	**1,501,394**	1,844,220
Lease liabilities	12	**104,735**	98,145	**2,748**	6,658
Total current liabilities		**4,901,905**	6,224,158	**5,508,447**	6,925,551
Non-current liabilities					
Trade and other payables	14	**–**	305	**1,477**	1,614
Lease liabilities	12	**184,224**	222,803	**30,439**	2,793
Financial liabilities measured at fair value	16	**427,647**	416,925	**504,504**	583,653
Provisions		**11,289**	365,999	**1,500**	1,500
Loans	14	**–**	–	**98,089**	–
Total non-current liabilities		**623,160**	1,006,032	**636,009**	589,560
Total liabilities		**5,525,065**	7,230,190	**6,144,456**	7,515,111
Net assets		**1,507,674**	1,776,287	**1,338,126**	1,430,355
Equity					
Share capital		**900,000**	900,000	**900,000**	900,000
Other reserves		**(341,498)**	111,299	**–**	–
Foreign currency translation reserve		**139,232**	154,464	**–**	–
Retained earnings		**809,940**	610,524	**438,126**	530,355
Equity attributable to:					
Owners of the parent		**1,507,674**	1,776,287	**1,338,126**	1,430,355
Total equity		**1,507,674**	1,776,287	**1,338,126**	1,430,355

The notes on pages 16 to 46 form an integral part of the Supplementary Financial Information.

The full Consolidated Financial Statements of SEFE Marketing & Trading Limited (registered number 3768267) and of the Company were approved by the Board of Directors and authorised for issue on 14 March 2025 and signed by the Directors as a consistent extract thereof as a part of the Strategic Report with Supplementary Financial Information on 14 March 2025.

Signed on behalf of the Board

F Barnaud
14 March 2025

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Group	Share capital £'000s	Other reserves £'000s	Foreign currency translation reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 January 2023	**20,000**	**(357,535)**	**168,515**	**259,273**	**90,253**
Profit for the year	–	–	–	351,251	351,251
Other comprehensive income/(expense):	–	419,952	(14,051)	–	405,901
Total comprehensive income/(expense)	**–**	**419,952**	**(14,051)**	**351,251**	**757,152**
Currency translation difference	–	48,882	–	–	48,882
Issuance of shares	880,000	–	–	–	880,000
Balance at 31 December 2023	**900,000**	**111,299**	**154,464**	**610,524**	**1,776,287**
Profit for the year	–	–	–	199,416	199,416
Other comprehensive expense:	–	(442,231)	(15,232)	–	(457,463)
Total comprehensive (expense)/income	**–**	**(442,231)**	**(15,232)**	**199,416**	**(258,047)**
Currency translation difference	–	(10,566)	–	–	(10,566)
Balance at 31 December 2024	**900,000**	**(341,498)**	**139,232**	**809,940**	**1,507,674**

Company	Share capital £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 January 2023	**20,000**	**303,471**	**323,471**
Profit and total comprehensive income for the year	–	226,884	226,884
Issuance of shares	880,000	–	880,000
Balance at 31 December 2023	**900,000**	**530,355**	**1,430,355**
Loss and total comprehensive expense for the year	–	(92,229)	(92,229)
Balance at 31 December 2024	**900,000**	**438,126**	**1,338,126**

The notes on pages 16 to 46 form an integral part of the Supplementary Financial Information.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	**2024 £'000s**	2023 £'000s	**2024 £'000s**	2023 £'000s
Operating activities					
Operating profit/(loss)		**287,771**	455,740	**(60,546)**	317,849
Depreciation of property, plant and equipment and right-of-use assets	9	**98,403**	70,722	**6,284**	5,043
Amortisation of intangible assets		**21,069**	21,522	**11,859**	11,252
Unrealised fair value movements in items measured at fair value		**106,664**	(636,332)	**117,355**	(241,003)
Other unrealised movements		**(23,141)**	(46,965)	**(8,079)**	(40,383)
(Decrease)/increase in provisions		**(112,859)**	(115,258)	**11**	(64,578)
Other income		**3,971**	4,319	**3,971**	4,319
Net impairment loss/(reversals) on financial and non-financial assets		**10,623**	(64,757)	**2,070**	(10,830)
Operating cash flows before movements in working capital		**392,501**	(311,009)	**72,925**	(18,331)
Decrease/(increase) in inventories		**792,352**	(532,055)	**770,090**	(581,799)
(Increase)/decrease in receivables		**(434,161)**	971,612	**(1,241,653)**	1,237,873
Increase/(decrease) in payables		**417,285**	(1,193,006)	**343,593**	(1,027,597)
Increase/(decrease) in items measured at fair value through profit or loss		**53,895**	(407,710)	**5,658**	(439,027)
Cash generated from/(used in) operations		**1,221,872**	(1,472,168)	**(49,387)**	(828,881)
Interest income received		**28,908**	58,261	**54,649**	97,723
Income taxes paid		**(134,661)**	(15,246)	**(33,678)**	(5,500)
Net cash generated from/(used in) operating activities		**1,116,119**	(1,429,153)	**(28,416)**	(736,658)
Investing activities					
Net movement in cash pool receivables(1)	13	**(97,348)**	2,349,388	**391,270**	3,898,715
Interest received on lease receivables	12	**31**	39	**31**	39
Purchases of property, plant and equipment		**(3,450)**	(3,724)	**(3,409)**	(3,649)
Purchases of intangible assets		**(23,558)**	(25,491)	**(14,323)**	(14,634)
Proceeds from lease agreements	12	**1,169**	1,196	**1,169**	1,196
Net cash (used in)/generated from investing activities(1)		**(123,156)**	2,321,408	**374,738**	3,881,667
Financing activities					
Issuance of shares		**–**	880,000	**–**	880,000
Drawdown/(repayment) of loans and cash pool payables from subsidiary companies	13	**–**	–	**596,848**	(2,285,939)
Interest and banking charges paid		**(99,018)**	(117,293)	**(119,304)**	(172,130)
Repayment of obligations under lease agreements		**(105,423)**	(70,762)	**(6,517)**	(4,875)
Interest paid on lease payables	12	**(9,940)**	(10,316)	**(214)**	(151)
Repayment of loan and cash pool payables from parent company	13	**(839,841)**	(2,114,599)	**(839,841)**	(2,114,599)
Net cash used in financing activities		**(1,054,222)**	(1,432,970)	**(369,028)**	(3,697,694)
Net decrease in cash and cash equivalents(1)		**(61,259)**	(540,715)	**(22,706)**	(552,685)
Exchange loss on cash and cash equivalents(1)		**(691)**	(6,175)	**(388)**	(6,601)
Movement in loss allowance for cash and cash equivalents(1)		**–**	198	**–**	190
Cash and cash equivalents at the beginning of the year(1)		**111,742**	658,434	**23,989**	583,085
Cash and cash equivalents at the end of the year		**49,792**	111,742	**895**	23,989

(1) During 2024, the classification of cash pool receivable balances due from parent and subsidiary companies has been reassessed, as a result of additional focus by the Financial Reporting Council. Previously, these balances were classified as cash equivalents. However, it has now been determined that it is more appropriate to classify them as receivables. To reflect this change, related movements in the prior year cash flow statements have been reclassified and these balances have been removed from "Cash and cash equivalents". For the Group, cash and cash equivalent movements of £2,342.7m and movements of exchange loss and loss allowance of £6.7m are now presented as a "Net movement in cash pool receivables" within Investing activities. For the Company cash and cash equivalent movements of £3,893.2m and movements of exchange loss and loss allowance of £5.5m are now presented as a "Net movement in cash pool receivables" within Investing activities.

The notes on pages 16 to 46 form an integral part of the Supplementary Financial Information.

NOTES TO THE SUPPLEMENTARY FINANCIAL INFORMATION

YEAR ENDED 31 DECEMBER 2024

1 CORPORATE INFORMATION

SEFE Marketing & Trading Limited is a private company limited by shares incorporated and domiciled in England and Wales at 20 Triton Street, London, NW1 3BF. The principal activities of the Group and Company are referred to in the Strategic Report on page 1.

2 BASIS OF PREPARATION

Statement of compliance

The Group's Annual Financial Statements have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006. The primary statements in this Annual Report and Financial Statements are presented in accordance with International Accounting Standards (IAS) 1: "Presentation of financial statements".

The Strategic Report with Supplementary Financial Information is made up of the Strategic Report and summary financial information extracted from the full Annual Financial Statements and has been prepared in accordance with the requirements of the Companies Act 2006 Section 426A. It does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. Audited statutory accounts for the year ended 31 December 2024 are delivered to the Registrar of Companies in England and Wales in accordance with Section 441 of the UK Companies Act 2006. The Auditors' report on those accounts was unqualified and the auditors' statement under Section 496 of the Companies Act 2006 was unqualified.

Basis of measurement

The Financial Statements have been prepared using the historical cost basis, modified for certain financial instruments and inventories measured at fair value, and using the going concern basis as disclosed below.

Presentation of the statement of comprehensive income

Due to the exceptional circumstances which affected the Group in 2022 and 2023, the Directors believed that separating the underlying results of the ongoing business from the impacts of external factors specifically related to the war in Ukraine provided useful information about commercial performance and underlying trends during those financial years. In 2024, the residual impact of those external factors on the business is not material, and so no exceptional items have been identified. Further detail is included in note 5.

Statement of going concern

In preparing these Financial Statements on a going concern basis, the Group has prepared a base case liquidity forecast which takes into account current trading positions, forecast market prices and current cash and available facilities.

In addition, the Group has modelled cash flows under severe but plausible downside scenarios by calculating a Liquidity Risk Reserve (LRR) projection and overlaying this to the base case liquidity forecast. The LRR calculation is undertaken in order to determine the level of funding facilities the Group requires to have in place in order to cover certain potential downside scenarios and be able to continue trading.

The LRR is determined by a Monte Carlo simulation set at a 95% confidence level using scenarios covering market, credit and operational risks. Under the LRR calculation methodology, market risk scenarios are based on market value at risk (MVaR) and cash margin at risk (CMaR) metrics and include stresses against the Group's material energy commodity market exposures. Operational and credit risks are focused on increases in initial margin requirements for exchange trading, as well as additional negative credit events based on credit value at risk (CVaR) metrics.

Through intercompany agreements with its parent company SEFE GmbH, the Group and Company have access to committed facilities of €3.7bn until June 2028 and a cash pool facility of €1.1bn.

These intercompany agreements are supported by the German Federal Government loan provided to SEFE GmbH via KfW along with substantial levels of reserves in order to ensure the ability of the SEFE Group to continue as a going concern. The KfW loan takes the form of a committed facility, with a nominal of €5.0bn until June 2028.

As of the date of approval of these Financial Statements, the Group and the Company have sufficient cash and access to funding from SEFE GmbH, as described above, to meet the needs of both the base case cash flow profile and the LRR overlay scenario; as a result, the Directors have prepared the Financial Statements on a going concern basis.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

These policies have been consistently applied to all the years presented.

Consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries made up to 31 December each year. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group (i) has power over the entity, (ii) is exposed to, or has rights to, variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The Financial Statements of overseas subsidiaries are translated into Great British Pounds ("Sterling") as described below in the Foreign currency accounting policy.

Investment in subsidiaries

Investments in subsidiaries are carried in the Company Financial Statements at cost less provision for impairment.

Revenue recognition

Revenue consists of amounts recognised in relation to the Group's retail gas and electricity supply contracts, and the Group's physical LNG activities. Revenue is recognised on an accruals basis as performance obligations are satisfied, either at a point in time or over time.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Given the straightforward nature of the contractual terms within the respective revenue streams, the Group does not expect significant uncertainty over the timing or amount of revenue.

SEFE Energy

Performance obligations for SEFE Energy's gas and electricity supply contracts; gas storage; and transportation contracts are satisfied over time, as the goods or services are supplied over the term of the contract and control is transferred. Progress is measured using either the output method or the invoiced amount when applicable, to reflect the value to the customer of the Group's performance completed to date.

For SEFE Energy's gas and electricity supply contracts, the performance obligations reflect delivery of the respective products over the life of the contract. The transaction price allocated to the performance obligation is the contractually agreed price per unit. This is the amount of consideration the Group expects to receive, net of discounts, rebates, VAT and other sales taxes or duty. There is no variable price element in the performance obligations.

Revenue for energy supply activities in SEFE Energy's contracts includes an assessment of energy supplied to customers between the date of the last meter reading and the year-end (this value must be estimated as most meters will not be read on the year-end date). This estimate for unread gas and electricity meters is based upon historical consumption patterns. Such amounts are recognised within contract assets (accrued income) until they are invoiced, at which point they become trade receivables (being an unconditional right to receive consideration).

Contract assets also arise when contract modifications on "blend and extend" contracts are treated as a separate contract, when a customer extends the term of an existing supply contract at a lower rate to the original contract and is charged at a blended rate of the original and new contract.

This treatment results in revenue being recognised at the contractual rate on the original contract for the remaining original contractual period, with the customer being invoiced at the new, comparatively lower blended rate.

When the original contract expires and the extension contract begins, revenue will be recognised at the lower contractual rate of the extension contract, while the customer is invoiced at the comparatively higher blended rate, realising the contract assets.

Contract liabilities (deferred income) arise when customers prepay for gas and power. Revenue is subsequently recognised when the performance obligations are satisfied, i.e. when the products are delivered.

LNG

Performance obligations for physical LNG activities are satisfied at a point in time, when control of the goods is transferred to the customer, per the contractual Incoterms. The transaction price is allocated to this performance obligation.

There are no significant financing components in the Group's contracts with customers, as payment is usually due within 20 days.

Cost of sales

Cost of sales includes the cost of LNG, SEFE Energy's gas and electricity purchased during the period and related transportation, distribution costs, balancing charges, bought-in materials, costs of emissions certificates to satisfy regulatory requirements and other services. It also includes the net costs of chartering and sub-chartering of vessels which are not captured within the scope of IFRS 16: Leases (refer to the accounting policy on leases below).

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Net result from trading and hedging activities recognition

Net result from trading and hedging activities comprises the results of the Group's principal activities, which are the marketing and trading of energy products, except those arising from retail gas and electricity contracts and physical LNG activities.

Net result from trading and hedging activities includes:

- Amounts arising from transactions entered into to optimise the performance of the Group's energy portfolio, including sale and purchase transactions for commodities. Where these contracts can be settled net in cash, the Group is required by IFRS 9 to recognise them in the Statement of financial position at fair value, with movements in fair value recognised in the Statement of comprehensive income within Net result from trading and hedging activities.
- Income arising from agreements to purchase and re-sell commodities.
- Amounts released from cash flow hedge reserves. The timing of these releases is matched to the impact of the hedged cargoes on the Statement of comprehensive income.
- Any hedge ineffectiveness arising from cash flow hedges.
- Revenues and costs of complementary contracts which are not within the scope of IFRS 9. These include products which are considered to be part of the Group's trading activities; certain emission certificates; and gas and other energy storage and transportation capacities against which revenue is recognised on an accrual basis. Revenue in respect of these is recognised as set out in the Revenue recognition accounting policy.

Right-of-use assets

Right-of-use assets are recognised to represent those assets to which the Group has access to under lease contracts. They are measured at cost, comprising:

- The amount of initial measurement of the corresponding lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- An estimate of any restoration costs.

Right-of-use assets are depreciated through administrative expenses over the lease term on a straight-line basis, as each asset's useful life is considered equal to or greater than the lease term.

In instances where the timing of cash flows under the lease has changed or the total expected cash flows have changed due to the exercise of extension or termination options, or other lease modifications which have not been accounted for as separate leases, the right-of-use asset is adjusted in an amount corresponding to the amount of change in the lease liability.

Inventories

The valuation approach for the Group's inventories is based on the Group's specific activities in relation to each product. Physical commodities principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-trader's margin are held at fair value less costs to sell. These commodities include physical gas, LNG which is held in on-shore tanks at regasification facilities and emissions allowances traded in an active market. Movements in the fair value of inventory between reporting dates are recognised within Net result from trading and hedging activities. The fair value of physical gas and emission allowances is measured at the price for the soonest available delivery of gas and emissions allowances (respectively) at the reporting date. The fair value of LNG in tank held in on-shore tanks is measured by reference to the sale price expected to be achieved once it is regasified.

LNG inventory being transported on LNG carriers, and emissions certificates for which an active market does not exist, are held at the lower of cost and net realisable value. Net realisable value is the price at which inventory can be sold in the ordinary course of business after allowing for the estimated costs of sale. Bunker fuel and LNG heel for chartered vessels are recorded at the lower of cost and net realisable value.

Gas storage

Physical gas storage contracts are treated as executory contracts and carried at amortised cost. Inventory stored in this manner is accounted for separately from the storage contract.

Virtual gas storage contracts are treated as financial instruments held at fair value with gains and losses reported through Net result from trading and hedging activities. Any inventory placed within virtual storage arrangements is derecognised in Inventory from the Statement of financial position, and a corresponding financial asset receivable is recorded.

Where virtual gas storage capacity has been sold and the Group has received gas inventory under the arrangement, a financial liability measured at the fair value of the gas to be returned to the counterparty is recorded.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Cash and cash equivalents
Cash comprises cash in hand and demand deposits, excluding cash required as margin held with brokers. Cash equivalents comprise short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value and have an original maturity of three months or less.

Cash pool balances with related parties
The SEFE Group operates a cash pool structure for the majority of bank accounts held by entities in the SEFE Group, including the Company and its subsidiaries. Under this structure, balances on these accounts are transferred to bank accounts of SEFE at the end of each banking day, with a corresponding cash pool asset or liability created. These balances are repayable on demand and operate to all intents and purposes in the same manner as bank accounts. However, because the counterparties for these assets and liabilities are other SEFE Group companies, not banks, it is considered more appropriate to present asset balances as receivables rather than cash or cash equivalents, and liability balances as payables rather than overdrafts. All balances are measured at amortised cost.

Trade payables, loans and receivables
Trade payables and loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade receivables are initially recognised at the amount of consideration that is unconditional, less expected credit losses, unless they contain a significant financing component in which case they are recognised at fair value.

Leases
The Group leases various offices, vessels, equipment and vehicles for fixed periods of up to 15 years. The vessels are used for the purpose of transporting LNG in the Group's Global LNG and Shipping business.

For vessels, the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For all other classes of right-of-use assets, the Group has elected not to separate non-lease components from lease components, and instead accounts for these as a single lease component.

Lessee
Where the Group is the lessee, it recognises a right-of-use asset and a corresponding lease liability in the Statement of financial position on the date that the leased asset is made available for use to the Group.

Lease liabilities are initially measured at the present value of the lease payments. Where contracts for property or vessels contain both lease and non-lease components, the Group includes only the lease components in determining lease liabilities, applying judgement to separate these where necessary. For other leased assets, the Group applies the practical expedient in IFRS 16 to account for the entire contract as a single lease component.

Measurement of right-of-use assets is set out in the right-of-use assets accounting policy.

Where the lease contains extension or termination options, the lease term is determined to be the non-cancellable period of the lease plus any additional period where the Group is reasonably certain to exercise an extension option or not to exercise a termination option.

The Group makes use of the exemption under IFRS 16 for short-term leases, under which payments for leases with a term shorter than 12 months are recognised on a straight-line basis through the Statement of comprehensive income. No right-of-use asset is recognised in these instances.

Where possible, lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used. This is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Uses a bottom-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group.
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

Lessor
The Group acts as an intermediate lessor by subleasing vessels to external counterparties and subleasing office space to both related and unrelated counterparties. A sublease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the related asset to the lessee; otherwise it is classified as an operating lease, with the transfer of risks and rewards assessed with reference to the term of the head lease, rather than the useful economic life of the underlying asset.

a) Finance leases

Assets held under finance leases are presented as receivables in the Statement of financial position at an amount equal to the net investment in the lease. Finance income recognition is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

b) Operating leases

Payments received under operating leases, net of lease incentives or premiums, are recognised in the Statement of comprehensive income on a straight-line basis over the period of the lease.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Foreign currency

a) Functional and presentation currency

The Financial Statements of the Group and Company are presented in Sterling, which is also the functional currency of the Company.

All currency amounts in the Financial Statements are rounded to the nearest thousand Sterling unless stated otherwise.

b) Translation of transactions and balances

Foreign currency transactions are translated into the functional currency of the transacting entity using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date into the functional currency of the entity that holds them using the exchange rates prevailing at that date. Resulting exchange differences are recognised in the Statement of comprehensive income.

c) Translation of subsidiaries' results

For subsidiaries of the Company that have a functional currency other than Sterling:

- Total comprehensive income is translated into Sterling using the average exchange rates for the year and assets and liabilities are translated using the closing exchange rates for the year. Resulting exchange differences are recognised in other comprehensive income and accumulated in the Foreign currency translation reserve.
- Equity balances are translated using the closing exchange rates for the year. Resulting exchange differences are recognised directly within equity.

Financial and non-financial instruments within the scope of IFRS 9

Trading assets and liabilities are recognised in the Statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or when the Group transfers the financial asset and substantially all the risk and rewards of ownership to another party.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

The Group determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets within the scope of IFRS 9 are classified at amortised cost, fair value through profit or loss or fair value through other comprehensive income, on the basis of the business model within which they are held, and their contractual cash flow characteristics. Financial liabilities within the scope of IFRS 9 are classified as held at amortised cost, unless they are held for trading in which case they are classified as at fair value through profit or loss.

Trading contracts at fair value through profit and loss

Trading assets and liabilities are carried in the Statements of financial position at fair value with gains or losses recognised in the Statements of comprehensive income within Net result from trading and hedging activities, except for certain financial instruments designated as hedging instruments. Financial assets or financial liabilities classified as held for trading are recognised on trade date at fair value (as described in more detail below), usually being the transaction price excluding transaction costs. These transaction costs are included within Net result from trading and hedging activities in the Statement of comprehensive income. The determination of fair value and the treatment of financial instruments designated as hedging instruments are described below.

Retail energy supply contracts are not accounted for under the scope of IFRS 9 and are treated as executory contracts, as they are entered into for the purpose of receipt or delivery of the underlying commodity in order to meet the Group's expected own-use requirements. Other than this, the Group enters into contracts to buy or sell commodities for trading purposes. Even though the majority of these contracts are physically delivered, where such contracts are deemed to be capable of net settlement, for example where the commodity is deemed to be readily convertible to cash, they are treated as financial assets or liabilities within the scope of IFRS 9 and measured at fair value with associated gains or losses recognised directly in the Statement of comprehensive income within Net result from trading and hedging activities.

Where agreements to purchase and re-sell a commodity are entered into simultaneously with the same counterparty, these are treated as linked transactions. Rather than recognise purchased inventory and a derivative sale contract, a receivable is recognised for the re-sale amount, with the difference between the purchase and sale amounts recognised as trading income over the term of the deal.

Financial assets and liabilities at amortised cost

Financial assets held within a business model where the objective is to collect contractual cash flows, and such contractual cash flows are solely payments of principal and interest, are classified as assets held at amortised cost.

They are initially recognised on settlement date at fair value, plus any directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest rate method, less an allowance for expected credit losses.

Financial liabilities which are not held for trading are classified as liabilities held at amortised cost. They are initially recognised on settlement date at fair value, less any directly attributable transaction costs, and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other receivables, and short-term payables, for which the effect of discounting would be immaterial, are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

Interest is recognised in the Statement of comprehensive income within Interest income or Interest expense as appropriate.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial and non-financial instruments within the scope of IFRS 9 continued

Fair value
The Group uses various methods to determine the fair value of items for both initial recognition and subsequent measurement.

At the close of business on the reporting date, the fair value of assets traded in an active market is determined by reference to the bid price for net open asset positions; the ask price for net open liability positions; and mid-market prices where there are assets and liabilities with offsetting risks.

Where the instrument is not traded in an active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially similar, discounted cash flow analysis and option pricing models.

The Group endeavours to utilise valuation techniques that maximise dependence on market observable inputs and minimise the use of unobservable inputs. Refer to note 17 for further details on the Group's use of fair value measurement.

Treatment of "day-one" gains and losses
In the normal course of its business, the Group will acquire non-financial and financial instruments where there is evidence that the fair value at inception of the transaction is different to the transaction price.

- For certain transactions, the fair value at inception is based on other observable market data for the same instrument or calculated using a valuation technique where all input variables are based on observable market data. When such a valuation indicates that the fair value is different to the transaction price, the Group recognises a "day-one" gain or loss at inception within Net result from trading and hedging activities.
- When significant unobservable data is used to determine the fair value at inception, the difference between the transaction price and the calculated fair value is not recognised immediately. These "day-one" gains or losses are deferred and recognised in Net result from trading and hedging activities on a straight-line or other appropriate systematic basis as observable market data becomes available.

Embedded derivatives
Derivatives embedded in financial liability contracts or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported within Net result from trading and hedging activities.

The nature of embedded derivatives is reassessed when there is a change in the terms of the contract which significantly modifies its future cash flows.

Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in Net result from trading and hedging activities.

Offsetting of balances
Financial and non-financial assets and liabilities are reported on a net basis only where there is a currently enforceable legal right of offset and there is an intention to settle on a net basis.

Impairment of financial assets and expected credit loss model
The Group applies an expected loss model for the impairment of financial assets which are not measured at fair value through profit and loss. The Group has the following types of financial instruments that are subject to the expected credit loss model:

- Trade and other receivables
- Finance lease receivables
- Contract assets
- Financial guarantee contracts
- Cash and cash equivalents
- Cash pool receivables from related parties

The measurement of expected credit losses on financial assets and financial guarantee contracts is based on the term of the asset, the credit quality of the obligor and assumptions about the future risk of default and expected loss rates. The Group uses judgement in making these assumptions, selecting the inputs to the impairment calculation based on the Group's past credit loss experience, existing market conditions, and forward-looking estimates at the end of each reporting period.

For details of the key assumptions and inputs used, see note 15 on credit risk.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Impairment of financial assets and expected credit loss model continued

Expected credit losses arising on inception of an asset, and any subsequent increases or reversals, are recognised in the Statement of comprehensive income and are reflected in the carrying amount of the asset on the Statement of financial position. Reversals of expected credit losses occur when the expected credit loss decreases as a result of changes in inputs regarding risk of default and expected loss rates.

Where recoveries of actual credit losses are achieved from independent credit enhancements (e.g. guarantees), those inflows are accounted for independently from the original exposure.

The Group applies the simplified approach, as described by IFRS 9, to measure expected credit losses for trade and other receivables and contract assets. The simplified approach permits the use of a lifetime expected loss allowance.

For lease receivables, cash and cash equivalents, cash pool receivables from related parties and financial guarantee contracts, the Group measures the loss allowance at the 12-month expected credit loss amount unless there has been a significant increase in credit risk since initial recognition. Where there has been a significant increase in credit risk since initial recognition, the life-time expected loss model is applied.

Expected credit loss methodology

For trade receivables in the Retail business, for which the counterparties tend to be of lower credit quality, where the balance is considered to be at an increased risk of default, specific loss allowance provisions are applied using assumptions based on past history, existing market conditions and forward-looking estimates.

For all other balances, the loss allowance is based on the counterparty's probability of default (PD), multiplied by the loss given default rate (LGD), multiplied by the credit exposure. The approach uses both historical and forward-looking data such as credit ratings, audited Annual Financial Statements, credit default swaps pricing and industry and company-specific analysis of the counterparty's future prospects.

Hedge accounting

IFRS 9 sets out the criteria for the application of hedge accounting. A key requirement is that the hedging relationship must be documented in detail and an economic relationship between the hedged item and hedging instrument be demonstrated.

The Group uses certain financial and non-financial instruments to hedge exposures to financial risks, such as commodity price risks and foreign exchange risks which arise in the normal course of business.

All such hedging instruments are measured at fair value upon initial recognition and are re-measured to fair value at each subsequent reporting date.

For those instruments designated as hedges, the hedging relationship is documented at its inception. This documentation identifies the Group's risk management strategy and objective for undertaking the hedge. It also includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements, including an analysis of sources of hedge ineffectiveness and how the hedge ratio is determined.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging exposure to changes in the fair value of a recognised asset, liability or firm commitment; or
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The treatment of gains and losses arising from the revaluation of hedging instruments depends on the nature of the hedging relationship.

Cash flow hedges

Cash flow hedges are used to hedge the risk of variability in cash flows related to an asset or liability carried on the Statement of financial position or a highly probable forecast transaction. The Group applies cash flow hedging to purchases and sales of LNG, as well as purchases of natural gas and power to fulfil the sale requirements of SEFE Energy.

For all hedged risk exposures for which hedge accounting has been applied, the Group considers that an economic relationship exists between the hedged item and the hedging instruments, as the hedging instruments used are economically related to the underlying hedged risk.

The Group assesses hedge effectiveness on a qualitative basis where the critical terms of the hedging instrument and the hedged item either match or are closely aligned. Retrospective hedge effectiveness testing is also used to support the assertion that the effectiveness requirements are met on an ongoing basis.

The Group has prepared the documentation required by IFRS 9 defining the hedging strategy, hedging instrument, hedged item and hedge effectiveness testing methodology used for each of these hedging strategies.

The effective portions of changes in the fair value of instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in Net result from trading and hedging activities.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Cash flow hedges continued

Amounts deferred in equity are recycled to the Statement of comprehensive income in the periods during which the hedged item is recognised in the Statement of comprehensive income. When the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred are transferred from equity and included in the initial measurement of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the risk management objective for the hedge relationship has changed, the hedging instrument expires, is sold, terminated, exercised or the hedge relationship no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time is recognised:

- Immediately, if either:
  - The forecast transaction is no longer expected to occur; or
  - The amount deferred in equity is a loss that is not expected to be recovered in a future period(s).
- Otherwise, when the forecast transaction is ultimately recognised in the Statement of comprehensive income.

Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence in order to provide an understanding of the performance of the underlying business of the Group. Items which in the past have been considered exceptional in nature include one-off items directly related to sanctions imposed against the Group and Company following the invasion of Ukraine.

Where material exceptional items have been identified in relation to a financial year, the Group and Company reflect their underlying financial results in a separate Business performance column of the Group and Company Statements of comprehensive income. To be able to provide users with this clear and consistent presentation, the effects of the corresponding exceptional items are reported in a different column in the Group and Company Statements of comprehensive income. The final column in these statements is an aggregation of the Business performance and exceptional items columns, and provides numbers compliant with the presentation requirements of UK-adopted international accounting standards.

4 IMPACT OF CHANGES IN ACCOUNTING POLICY

The Group has fully adopted the requirements of all new accounting standards, amendments and interpretations which are mandatory for this reporting period and had not previously been early adopted. These did not have a material impact on the Group in the current reporting period.

The Group has not early adopted the requirements of any standard, amendment or interpretation which is not mandatory for the reporting period.

During the reporting period, the IASB issued two new standards that are expected to have an effect on the Company's future financial statements. IFRS 18: Presentation and Disclosure in Financial Statements is expected to result in some changes to the presentation of the Company's primary financial statements, in particular the Statement of comprehensive income. IFRS 19: Subsidiaries without Public Accountability: Disclosures is expected to reduce the amount of disclosure in the Notes to the Financial Statements.

The Company is still in the process of assessing the exact effect of both of these new standards, neither of which is yet endorsed for use in the UK. Based on the effective dates of the standards as issued by the IASB, application of IFRS 18 is required no later than the financial year ending 31 December 2027, although early adoption is permitted. Application of IFRS 19 is not mandatory, however it is expected to be beneficial for the Company to apply this standard once it is endorsed for use.

5 EXCEPTIONAL ITEMS

Certain events occurred during 2022 and 2023 that had an effect on the Group and Company performance, which are considered unlikely to recur, and which were outside of the Group's control. These events were caused by the war in Ukraine, the sanctions applied by Western Governments and in particular the counter-sanctions put in place by the Russian Government. In the current period, the residual impact of these events is not judged to be material, so no exceptional items have been identified.

The table below shows the exceptional items identified in the prior year, which related to the reversal or updating of provisions and impairments recognised as a result of the war and associated sanctions.

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Reversal of sanctions-related provisions[1]	**–**	56,774	**–**	56,774
Exceptional items included within Trading and hedging activities	**–**	56,774	**–**	56,774
Net exceptional items included within Net income	**–**	56,774	**–**	56,774
Reversal of losses on existing agreements due to sanctions eased[2]	**–**	77,042	**–**	–
Net exceptional items included within Operating profit	**–**	133,816	**–**	56,774
Interest expense[3]	**–**	(7,437)	**–**	–
Exceptional items included within Profit before tax	**–**	126,379	**–**	56,774
Net taxation arising from exceptional items[4]	**–**	(15,446)	**–**	(13,342)
Net exceptional items included within Profit/(loss) for the financial year	**–**	110,933	**–**	43,432

(1) During 2022 the Group established a provision relating to the Dutch Government's sanctions package 5K. During the prior period this provision was released, resulting in the recognition of a gain in the Statement of comprehensive income.

(2) Due to counter-sanctions imposed by the Russian Government directly against the Group and the intervening actions of the German Government, certain counterparties ceased deliveries of physical commodities to the Group in 2022. In the prior year, certain of these losses were reversed due to easing of the counter-sanctions.

(3) The Group previously held a series of long-term contracts which provide access to regasification capacity for LNG in Mexico and onward transport of the associated natural gas. These contracts were initially entered into to provide a sales point for LNG purchased under a long-term Sales and Purchase Agreement (SPA) with a Russian supplier (see 2 above). Following the imposition of counter-sanctions by the Russian Government and the cessation of supplies under that LNG SPA in 2022, the Group assessed the value of these contracts in Mexico and determined that they represent onerous contracts. During the prior year, the Group utilised a portion of the provision, as well as recognising related interest expense resulting from changes in discounting of the unutilised balance. During the current year, an agreement has been reached to terminate certain of these contracts.

(4) The Exceptional items affect different entities across the Group, are subject to tax at differing rates and incurred in entities with varying levels of taxable profits. As such, an individual tax effect for each Exceptional item would not provide useful information and this impact is presented in aggregate.

6 REVENUE

a) Disaggregation of revenue

The Group derives revenue from the transfer of goods and services over time and predominantly at a point in time in respect of the following:

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
SEFE Energy	**2,305,765**	2,487,950	**–**	–
LNG	**3,987,734**	2,879,981	**–**	–
	6,293,499	5,367,931	**–**	–

There is no impact to SEFE Energy revenue (2023: £163.6m) relating to Government grant income, which relates to Government price reduction schemes – the Energy Bill Relief and Discount Schemes (EBRS and EBDS) in the UK and "CEK 23" in the Netherlands. There is no net impact to revenue, as all revenue received from both schemes has been passed on to applicable customers in full.

6 REVENUE continued

b) Assets and liabilities related to contracts with customers

The Group has recognised the following contract assets and contract liabilities related to contracts with customers:

		Group		Company	
	Note	**2024 £'000s**	2023 £'000s	**2024 £'000s**	2023 £'000s
Total contract assets	14	**250,352**	231,043	**–**	–

		Group		Company	
	Note	**2024 £'000s**	2023 £'000s	**2024 £'000s**	2023 £'000s
Total contract liabilities	14	**12,032**	20,262	**–**	–

In the current and the prior year, revenue recognised included the release of the total opening balance of contract liabilities, as the Group satisfied its performance obligations of supplying gas and power to customers who had previously prepaid.

Contract liabilities arise when customers prepay for supply, or when the amount invoiced exceeds the revenue recognised in line with contract progress based on the input method.

The nature of contract assets and contract liabilities are described in the revenue recognition section of note 3.

c) Remaining performance obligations

The Group has taken advantage of the practical expedient in IFRS 15 and as such does not disclose its remaining performance obligations where they fulfil either of the following conditions:

- It is part of a contract which has an expected duration of one year or less; or
- Revenue from the satisfaction of the performance obligation is recognised based on the invoiced amount.

7 NET RESULT FROM TRADING AND HEDGING ACTIVITIES

Included within Group "Net result from trading and hedging activities" is a net gain of £440.8m (2023: £513.1m net gain) relating to trading contracts mandatorily measured at fair value through profit or loss, and Group revenue from gas storage and transportation of £21.9m (2023: £12.5m).

Included within Company "Net result from trading and hedging activities" is a net gain of £107.8m (2023: £497.5m net gain) relating to trading contracts mandatorily measured at fair value through profit or loss, and Company revenue from gas storage and transportation of £26.4m (2023: £17.5m).

8 ADMINISTRATIVE EXPENSES

		Group		Company	
	Note	**2024 £'000s**	2023 £'000s	**2024 £'000s**	2023 £'000s
Administrative expenses					
Staff costs		**200,472**	234,363	**128,413**	161,356
Other employee costs		**32,247**	18,581	**25,363**	14,282
Office costs		**81,187**	35,844	**55,373**	25,975
Rentals under short-term leases		**98**	65	**61**	41
Travel expenses		**3,511**	2,480	**1,696**	1,159
Consultancy		**8,540**	7,498	**2,167**	6,360
Auditors' remuneration		**1,676**	2,001	**1,079**	1,417
Depreciation	9	**98,403**	70,722	**6,284**	5,043
Amortisation		**21,069**	21,522	**11,859**	11,252
		447,203	393,076	**232,295**	226,885

9 RIGHT-OF-USE ASSETS

Group	Leasehold properties £'000s	Vessels £'000s	Office equipment £'000s	Vehicles £'000s	Total £'000s
Cost					
At 1 January 2023	41,717	403,866	56	28	445,667
Additions	1,359	53,031	–	–	54,390
Disposals	(3,393)	–	–	(28)	(3,421)
Remeasurement	51	(1,023)	–	–	(972)
Currency translation	(481)	(22,352)	(4)	–	(22,837)
At 1 January 2024	**39,253**	**433,522**	**52**	**–**	**472,827**
Additions	–	38,376	–	–	38,376
Remeasurement(1)	28,567	–	–	–	28,567
Currency translation	9	7,117	1	–	7,127
At 31 December 2024	**67,829**	**479,015**	**53**	**–**	**546,897**
Accumulated depreciation					
At 1 January 2023	21,694	91,066	27	8	112,795
Charge for the year	6,151	62,673	11	1	68,836
Disposals	(2,218)	–	–	(9)	(2,227)
Currency translation	(303)	(6,548)	(2)	–	(6,853)
At 1 January 2024	**25,324**	**147,191**	**36**	**–**	**172,551**
Charge for the year	5,871	89,503	10	–	95,384
Currency translation	10	4,113	1	–	4,124
At 31 December 2024	**31,205**	**240,807**	**47**	**–**	**272,059**
Net book value					
At 31 December 2024	**36,624**	**238,208**	**6**	**–**	**274,838**
At 31 December 2023	13,929	286,331	16	–	300,276

(1) During the year, the Group extended the lease on its main London office by five years.

Company	Leasehold properties £'000s	Vehicles £'000s	Total £'000s
Cost			
At 1 January 2023	23,403	27	23,430
Disposals	–	(27)	(27)
Remeasurement	(6)	–	(6)
At 1 January 2024	**23,397**	**–**	**23,397**
Remeasurement(1)	28,567	–	28,567
At 31 December 2024	**51,964**	**–**	**51,964**
Accumulated depreciation			
At 1 January 2023	13,749	9	13,758
Charge for the year	3,598	1	3,599
Disposals	–	(10)	(10)
At 1 January 2024	**17,347**	**–**	**17,347**
Charge for the year	3,704	–	3,704
At 31 December 2024	**21,051**	**–**	**21,051**
Net book value			
At 31 December 2024	**30,913**	**–**	**30,913**
At 31 December 2023	6,050	–	6,050

(1) During the year, the Group extended the lease on its main London office by five years.

10 INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2024 are as follows. The Company has no other related undertakings:

Name of subsidiary	Registered address	Place of incorporation and operation	Business activity	Ordinary shares owned	Proportion of voting power	Holding type
SEFE LNG Limited	20 Triton Street, London, NW1 3BF	England and Wales	Energy trading	100%	100%	Direct
SEFE Energy Limited	20 Triton Street, London, NW1 3BF	England and Wales	Energy supply	100%	100%	Direct
SEFE Marketing & Trading Mex (UK) 1 Limited	20 Triton Street, London, NW1 3BF	England and Wales	Holding company(1)	100%(1)	100%(1)	Direct
SEFE Marketing & Trading Mex (UK) 2 Limited	20 Triton Street, London, NW1 3BF	England and Wales	Holding company(1)	100%(1)	100%(1)	Indirect
SEFE Energy SAS	155 – 159 rue Anatole France – Bâtiment B, Levallois-Perret, 92300, Paris	France	Energy supply	100%	100%	Direct
SEFE Marketing & Trading USA, Inc. ("SM&T USA")	8 The Green Ste A, Dover, Kent County, State of Delaware, 19901 USA	USA	Energy trading	100%	100%	Direct
SEFE Marketing & Trading Singapore Pte. Limited ("SM&TS")	10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315	Singapore	Energy trading	100%	100%	Direct
SEFE Marketing & Trading India Pte. Ltd.	10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315	Singapore	Dormant	100%	100%	Indirect
SEFE M&T Mexico S. de R. L. de C.V. ("SM&T Mexico")	Bosque de Ciruelos 180 PP 101, Bosques de las Lomas, Del. Miguel Hidalgo, Distrito Federal, 11700, Mexico	Mexico	Energy trading	100%	100%	Indirect
SEFE Marketing & Trading Switzerland AG ("SM&T CH")	Poststrasse 2 Zug, 6300, Switzerland	Switzerland	Energy trading	100%	100%	Direct

(1) SEFE Marketing & Trading Mex (UK) 1 Limited was dissolved on 5 November 2024 and SEFE Marketing & Trading Mex (UK) 2 Limited was dissolved on 18 February 2025.

Dividend income of £nil was received by the Company from its subsidiaries in 2024 (2023: £nil).

There was a reduction in the amount of £1k in the investments in subsidiaries during the year due to SEFE Marketing & Trading Mex (UK) 1 Limited and SEFE Marketing & Trading Mex (UK) 2 Limited being put into voluntary liquidation:

	Company	
	2024 £'000s	2023 £'000s
Investments in subsidiaries	**7,957**	7,958

11 INVENTORIES

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Gas in storage	**621,435**	597,379	**621,435**	597,379
Emissions, green energy and other compliance certificates	**250,349**	1,067,078	**238,441**	1,056,169
LNG inventories	**29,678**	50,189	**–**	–
LNG in tank	**27,412**	3,830	**27,412**	3,830
Other inventories	**8,229**	10,979	**–**	–
	937,103	1,729,455	**887,288**	1,657,378

£3,835.4m of Group inventory was recognised as an expense in the year (2023: £2,717.9m). £130.0m of Company inventory was recognised as an expense in the year (2023: £135.3m).

KfW has a charge over certain gas in storage which is used as security to support the SEFE Group's loan facility from KfW. At year-end this gas in store had a value of £614.0m (2023: £588.7m).

12 LEASES

The Group leases various offices, vessels, office equipment and vehicles for fixed periods up to 15 years. The vessels are used for transporting LNG in the Group's Global LNG and Shipping business.

Disclosure of the carrying value, additions and depreciation of right-of-use assets can be found in note 9, Right-of-use assets.

The Group also acts as an intermediate lessor by subleasing vessels and office space to both related and unrelated counterparties.

The Company subleases office space to unrelated counterparties.

a) Amounts recognised in the Statement of comprehensive income

The Statement of comprehensive income includes the following amounts relating to leases:

		Group		Company	
	Note	**2024 £'000s**	2023 £'000s	**2024 £'000s**	2023 £'000s
Depreciation of right-of-use assets, included within administrative expenses	9	**95,384**	68,836	**3,704**	3,599
Lease interest expense, included within interest expense		**9,940**	10,316	**214**	151
Expense relating to short-term leases, included within cost of sales		**653**	847	**–**	–
Income relating to short-term leases for right-of-use assets, included within cost of sales		**11,122**	9,881	**–**	–
Finance income on the net investment in leases		**31**	39	**31**	39

b) Extension and termination options

Some of the Group's office leases contain termination options, and some of the Group's shipping leases contain extension options. These options provide flexibility for the Group to respond to the dynamic and constantly evolving nature of the commodity marketplace by managing its assets and infrastructure.

Some of the Group's shipping contracts contain flexibility around redelivery dates at the end of the lease term, typically up to 30-day extensions. These provisions allow the Group to avoid penalties for late delivery where vessels are delayed due to poor weather, congestion at ports or other operational difficulties.

The majority of extension and termination options held can be exercised only at the Group's discretion. The Group takes the view that there is no reasonable certainty that the Group will exercise such options unless there are existing approved business plans to do so at the reporting date.

As of 31 December 2024, potential future cash flows of £384.6m (undiscounted) (2023: £317.9m (undiscounted)) have not been included in the lease liability, because it is not reasonably certain that the leases will be extended or not terminated.

c) Committed leases not yet commenced

The Group has no committed leases that have not yet commenced. The total future payments (relating to the base term) under such contracts is £nil (2023: £nil).

d) Lease liabilities

The maturities of the undiscounted lease liabilities under IFRS 16 are as follows:

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Not later than one year	**112,878**	107,271	**4,254**	6,713
Later than one year and not later than five years	**186,191**	230,095	**29,558**	2,804
Later than five years	**8,056**	4,531	**4,525**	–
	307,125	341,897	**38,337**	9,517

Total cash outflow for leases during the year for the Group was £115.4m (2023: £81.1m) and for the Company £6.7m (2023: £5.0m).

12 LEASES continued

e) Intermediate lessor

In managing the Group's right-of-use assets, the Group and the Company may sublease certain assets to external or related counterparties, with the purpose of maximising the economic value accruing to the Group from utilising the assets.

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it subleases office spaces and vessels to third parties in return for monthly lease payments. Where the sublease periods do not represent the major part of the remaining lease terms of the head leases, these are classified as operating leases.

Income from subleasing these assets recognised during the financial year 2024 was £11.1m (2023: £9.9m) for the Group.

Undiscounted lease payments from operating leases to be received on an annual basis are shown below:

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Operating leases				
Within 1 year	**229**	748	**–**	–
Total undiscounted lease payments	**229**	748	**–**	–

Subleases – classified as finance leases

The Group's subleases certain property leases which are classified as finance leases because these subleases comprised the majority of the remaining term of the related head leases. The corresponding right-of-use assets were derecognised and a net investment in the sublease is recognised under Lease receivables.

Finance income related to net investments in subleases during the financial year was £nil (2023: £nil) for the Group.

The following table shows a maturity analysis of the undiscounted lease payments to be received on property subleases:

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Within 1 year	**2,414**	1,455	**2,414**	1,455
Between 1 and 2 years	**–**	424	**–**	424
Total: undiscounted lease payments	**2,414**	1,879	**2,414**	1,879
Less: unearned future finance income	**(63)**	(29)	**(63)**	(29)
Less: Loss allowance for leases	**(60)**	(210)	**(60)**	(210)
Net investment in finance lease	**2,291**	1,640	**2,291**	1,640
Current	**2,291**	1,209	**2,291**	1,209
Non-current	**–**	431	**–**	431
Total	**2,291**	1,640	**2,291**	1,640

f) Net investment in leases as an intermediate lessor

Changes in the carrying amount of the net investment in leases are shown below:

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Opening net investment in leases	**1,640**	2,335	**1,640**	2,335
Recognition of new finance leases during the year	**1,686**	545	**1,686**	545
Remeasurement of existing finance leases	**150**	(107)	**150**	(107)
Lease payments received	**(1,200)**	(1,235)	**(1,200)**	(1,235)
Finance income earned in the year	**31**	39	**31**	39
Translation differences	**(16)**	63	**(16)**	63
Closing net investment in leases	**2,291**	1,640	**2,291**	1,640

13 NET DEBT RECONCILIATION

The table below sets out an analysis of the movement in net debt during the year. Changes in liabilities arising from financing activities, which comprise Loans, overdraft and cash pool payables and Finance lease liabilities, are included in this disclosure:

Group	**Cash and cash equivalents £'000s**	**Cash pool receivables from related parties £'000s**	**Loans, overdraft and cash pool payables with related parties £'000s**	**Finance lease liabilities £'000s**	**Total £'000s**
Net debt as at 1 January 2024	**111,742**	**490,541**	**(1,661,918)**	**(320,948)**	**(1,380,583)**
Acquisitions, terminations and remeasurement of leases	**–**	**–**	**–**	**(68,630)**	**(68,630)**
Cash flow	**(61,259)**	**97,348**	**839,841**	**105,423**	**981,353**
Currency translation and other non-cash movements	**(691)**	**1**	**3,530**	**(4,804)**	**(1,964)**
Net debt as at 31 December 2024	**49,792**	**587,890**	**(818,547)**	**(288,959)**	**(469,824)**

Group	**Cash and cash equivalents £'000s**	**Cash pool receivables from related parties £'000s**	**Loans, overdraft and cash pool payables with related parties £'000s**	**Finance lease liabilities £'000s**	**Total £'000s**
Net debt as at 1 January 2023	658,434	2,833,279	(3,776,347)	(358,595)	(643,229)
Acquisitions and remeasurement of leases	–	–	–	(51,603)	(51,603)
Cash flow	(540,715)	(2,349,388)	2,114,599	70,762	(704,742)
Currency translation and other non-cash movements	(5,977)	6,650	(170)	18,488	18,991
Net debt as at 31 December 2023	**111,742**	**490,541**	**(1,661,918)**	**(320,948)**	**(1,380,583)**

Company	**Cash and cash equivalents £'000s**	**Cash pool receivables from related parties £'000s**	**Loans, overdraft and cash pool payables with related parties £'000s**	**Finance lease liabilities £'000s**	**Total £'000s**
Net debt as at 1 January 2024	**23,989**	**1,036,378**	**(1,844,220)**	**(9,451)**	**(793,304)**
Acquisitions and remeasurement of leases	**–**	**–**	**–**	**(30,253)**	**(30,253)**
Cash flow	**(22,706)**	**(391,270)**	**242,993**	**6,517**	**(164,466)**
Currency translation and other non-cash movements	**(388)**	**1**	**1,744**	**–**	**1,357**
Net debt as at 31 December 2024	**895**	**645,109**	**(1,599,483)**	**(33,187)**	**(986,666)**

Company	**Cash and cash equivalents £'000s**	**Cash pool receivables from related parties £'000s**	**Loans, overdraft and cash pool payables with related parties £'000s**	**Finance lease liabilities £'000s**	**Total £'000s**
Net debt as at 1 January 2023	583,085	4,929,624	(6,245,324)	(14,340)	(746,955)
Acquisitions and remeasurement of leases	–	–	–	14	14
Cash flow	(552,685)	(3,898,715)	4,400,538	4,875	(45,987)
Currency translation and other non-cash movements	(6,411)	5,469	566	–	(376)
Net debt as at 31 December 2023	**23,989**	**1,036,378**	**(1,844,220)**	**(9,451)**	**(793,304)**

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Group's financial instruments, including:

- An overview of all the financial instruments held by the Group, including trading contracts to deliver non-financial items which are within the scope of IFRS 9.
- Specific information about each type of financial instrument.

For information about determining the fair value of the instruments, including judgements and estimation uncertainty involved, refer to notes 16 and 17, financial and non-financial instruments within the scope of IFRS 9 and fair value measurement.

The Group and Company hold the following financial instruments:

		Group		Company	
	Note	**2024 £'000s**	2023 £'000s	**2024 £'000s**	2023 £'000s
Financial assets					
Financial assets at amortised cost:					
Trade and other receivables	14a	**3,058,192**	2,842,142	**3,217,567**	1,977,892
Lease receivables	12	**2,291**	1,640	**2,291**	1,640
Cash pool receivables from related parties	14b	**587,890**	490,541	**645,109**	1,036,378
Cash and cash equivalents		**49,792**	111,742	**895**	23,989
Financial assets measured at fair value through profit or loss:					
Trading contracts	16	**1,707,284**	3,198,842	**2,498,549**	4,084,883
Fair value storage contracts	16	**83,880**	81,034	**83,880**	81,034
		5,489,329	6,725,941	**6,448,291**	7,205,816
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	14c	**2,278,765**	1,868,021	**1,977,063**	1,666,256
Lease liabilities	12	**288,959**	320,948	**33,187**	9,451
Loans, overdrafts and cash pool payables with related parties	14d	**818,547**	1,661,918	**1,599,483**	1,844,220
Financial liabilities measured at fair value through profit or loss:					
Trading contracts	16	**2,030,833**	2,962,398	**2,520,573**	3,993,485
Fair value storage contracts	16	**12,440**	–	**12,440**	–
		5,429,544	6,813,285	**6,142,746**	7,513,412

For financial assets and financial liabilities measured at fair value through profit or loss, changes in fair value are immediately recognised in Net result from trading and hedging activities, except for effective amounts in hedging relationships. The Group's exposure to various risks associated with financial instruments, the maximum exposure to credit risk at the end of the reporting period, and the carrying amount of each class of financial assets is discussed in note 15.

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

a) Trade and other receivables

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Due within one year				
Amounts receivable from sale of commodities:	**2,740,713**	2,271,326	**2,525,298**	1,911,848
from third parties	**2,587,351**	1,784,548	**2,152,378**	1,193,693
from subsidiary companies	**–**	–	**219,558**	231,377
from affiliated companies	**153,362**	486,778	**153,362**	486,778
Contract assets	**250,352**	231,043	**–**	–
Prepayments	**59,232**	75,044	**30,575**	23,810
Other debtors	**7,895**	6,599	**661,694**	42,234
	3,058,192	2,584,012	**3,217,567**	1,977,892
Due after one year				
Other long-term receivables	**–**	258,130	**–**	–
	–	258,130	**–**	–
Relating to:				
Financial assets	**2,748,608**	2,536,055	**3,186,992**	1,954,082
Non-financial assets	**309,584**	306,087	**30,575**	23,810
	3,058,192	2,842,142	**3,217,567**	1,977,892

Included within trade and other receivables are contract assets and prepayments, which are non-financial assets. These items have been aggregated within trade and other receivables as they represent a material class of similar items.

The Group holds these financial assets with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest rate method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 15.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The estimated fair value of all classes of receivables is materially the same as their carrying amounts.

KfW has a charge over certain trade receivables which are used as security to support the SEFE Group's loan facility from KfW. At year-end these receivables had a carrying amount of £1,759.2m (2023: £568.7m).

b) Cash pool receivables from related parties

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Cash pool receivable from parent company	**587,890**	490,541	**587,890**	490,541
Cash pool receivables from subsidiary companies	**–**	–	**57,219**	545,837
Total cash pool receivables from related parties	**587,890**	490,541	**645,109**	1,036,378

The estimated fair value of all classes of cash pool receivables from related parties is materially the same as their carrying amounts. The maximum exposure to credit risk at the reporting date is the fair value of cash pool receivables mentioned above.

Interest income in the year relates to cash pool interest and interest on cash deposits; for Company this also includes interest income from loans to its subsidiaries.

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

c) Trade and other payables

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Due within one year				
Amounts owed for purchase of commodities:	**1,977,344**	1,549,269	**1,812,433**	1,458,045
to third parties	**1,882,749**	1,544,907	**1,055,815**	982,881
to subsidiaries	**–**	–	**662,039**	470,811
to affiliated companies	**94,595**	4,362	**94,579**	4,353
Contract liabilities	**12,032**	20,262	**–**	–
Accruals	**133,540**	172,240	**102,805**	143,012
Deferred income	**2,659**	3,858	**2,659**	2,251
Other payables	**153,190**	122,087	**57,689**	61,334
	2,278,765	1,867,716	**1,975,586**	1,664,642
Due after one year				
Other long-term payables	**–**	305	**1,477**	1,614
Relating to:				
Financial liabilities	**2,264,074**	1,843,901	**1,974,404**	1,664,005
Non-financial liabilities	**14,691**	24,120	**2,659**	2,251
	2,278,765	1,868,021	**1,977,063**	1,666,256

Included within trade and other payables are contract liabilities and deferred income, which are non-financial in nature.

Included within the Company's trade and other payables to subsidiaries is an amount of £406.6m (2023: £258.4m) relating to obligations to repurchase sold commodities.

d) Loans, overdrafts and cash pool payables with related parties

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Due within one year				
Amounts owed:				
to parent	**816,941**	1,661,918	**816,941**	1,661,918
to subsidiaries	**–**	–	**684,453**	182,302
to third parties	**1,606**	–	**–**	–
Due after one year				
Amounts owed:				
to subsidiaries	**–**	–	**98,089**	–
	818,547	1,661,918	**1,599,483**	1,844,220

As at 31 December 2024, the Group had access to various uncommitted and committed rolling credit facilities. Details of the facilities of the Group are discussed in the Liquidity risk section of note 15.

Interest expense in the year relates to loan commitment fees, loan interest rate charges and cash pool interest. For the Company, this also includes interest expense from borrowings from its subsidiaries.

The estimated fair value of all classes of payables is the same as their carrying amounts.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The wider SEFE Group operates a uniform ERM system to manage risks effectively and consistently across the Group. ERM is pivotal in realising organisational objectives and ensuring coherent and comprehensive oversight over financial and commercial operations. Additionally, it supports business decision-making by identifying optimal risk-return alternatives.

The ERM System is an integral component of SEFE Group's business processes and activities. The commercial and support units are responsible for risk management as risk owners. The centralised Risk Management department supports these units by providing advisory, independent control, reporting and oversight services.

The Group's Risk Management System is an integral component of the business processes and activities of the Group; it comprises the wider SEFE Group's risk management processes, together with the documented policies, procedures and specific methodologies for the identification, assessment and management of risk. Implementation and oversight of all elements of the Risk Management System, in addition to its responsibility for ensuring the Group meets its strategic, financial and operational objectives, is under the stewardship of the CEO of the SEFE Group, who is also a Director of the Company.

The system is run on the principle of three lines of defence, with the risk owners (principally the Commercial Department) operating as the first-line of defence; the Risk Coordinators (the independent Group Risk Department) operating as the second-line of defence; and the SEFE Group's Internal Audit function operating as the third-line of defence.

The Company's commercial department, as risk owners, are primarily responsible for managing the Group's risks. They are supported by the Group Risk Department that provides an advisory, control and oversight function, independent of the Commercial and other support functions. The CEO of the SEFE Group is further supported in his risk management responsibilities by the SEFE Risk Committee (RC). The RC provides recommendations and advice to the CEO of the SEFE Group on risk-related matters.

The Risk Management System defines enterprise risk management throughout the SEFE Group, setting out a unified framework of risk management throughout the SEFE Group companies, including the Group. This policy is further supported by specific risk policies for credit, market and liquidity risk, as well as other risk management policies, frameworks and methodologies. The Company follows the SEFE risk policies and related documentation and, as the main trading entity for the SEFE Group, plays a key role in establishing the application of effective risk management throughout the SEFE Group.

Capital management

The Group's objectives in managing its capital are to safeguard its ability to continue as a going concern and to generate long-term profitability. It achieves this through maintaining adequate cash reserves and loans from related parties. Share capital and reserves at 31 December 2024 were £1,507.7m (2023: £1,776.3m). The Group has £816.9m borrowings and cash pool payable with its parent company; SEFE GmbH (2023: £1,661.9m). It should be noted that the Group also had £49.8m (2023: £111.7m) of cash at bank and in hand and £587.9m (2023: £490.5m) of cash pool receivable from related parties at year-end. The Group manages its liquidity to ensure that sufficient cash is available to meet all contractual commitments as they fall due and also to ensure that there is sufficient funding to withstand stressed market conditions or extreme or unplanned events. Liquidity is managed by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Market risk

Market risk is the risk of loss that results from changes in market factors (e.g. commodity prices, foreign currency exchange rates, interest rates, volumes, etc). The Group's exposure to market risk is variable and dependent on current market conditions, expectations of future prices or volatility and the current composition of the Group's assets and liabilities.

The Group uses a Value-at-Risk (VaR) measure to monitor and review its exposure to market risk. VaR is an estimate of the potential loss on a given position or portfolio over a specific holding period, based on normal market conditions and within a given statistical confidence interval. The Group uses a Monte Carlo simulation methodology for computing VaR, with a confidence interval of 97.5% and an assumed holding period of one day.

Executive management has approved VaR limits for all trading activities, regularly reviews the limits and monitors performance against these limits. It is recognised that VaR cannot be relied upon solely to predict the size of potential losses, and as such, additional market risk monitoring techniques are employed such as stress testing and sensitivity analysis.

Based upon VaR and taking into account approved limits and other risk management techniques, the Group's senior management will determine the need to adjust the Group's market risk profile. The 97.5% trading VaR during the year was:

	2024		2023	
	Average £'000s	**Year end £'000s**	Average £'000s	Year end £'000s
Group				
Trading VaR	**6,903**	**2,742**	14,632	9,536

These VaR values are within the limits set by the Company's Directors in coordination with the SEFE Group's Risk Management department and within defined limits.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Market risk continued

I. Commodity price risk

The Group's cash flows and profitability are sensitive to the underlying price of a number of commodities, including natural gas, electricity, LNG, carbon certificates and oil (and related price spreads). These prices are dependent on a number of factors, particularly global supply and demand. The Group's portfolio and trading business optimises the purchase contract portfolio by procuring gas, LNG, carbon certificates and electricity at optimal cost, and making use of volume and location flexibility in order to realise a margin. The Group is exposed to commodity price risk in the portfolio and trading business as the cost of procurement varies with wholesale commodity prices.

The Group is also exposed to volumetric risk in sales contracts agreed in the Retail business in the form of an uncertain consumption profile arising from a range of factors, including weather, and in the Trading business where there is uncertain demand from counterparties when volumetric optionality exists within the contracts.

Forward contracts, swaps, options and futures are used to mitigate price risk specific to each commodity. These contracts are carried at fair value with changes in fair value recorded in the Statement of comprehensive income unless they are designated as hedging instruments in an effective hedge relationship. Retail energy supply contracts and physical LNG contracts are not accounted for under the scope of IFRS 9 and are treated as executory contracts, and so are not within the scope of IFRS 7: Financial Instruments – Disclosure. The carrying value of commodity contracts at 31 December 2024 is disclosed in note 17.

II. Foreign currency risk

The Group is exposed to currency risk on foreign currency denominated forecast transactions, firm commitments, monetary assets and liabilities (transactional exposure) and on its net investments in foreign operations (translational exposure). The majority of the Group's trading is denominated in Sterling, Euros and US Dollars. When currency exposure arises as a result of purchase and sale commitments, the Group seeks to use forward foreign exchange transactions to manage the exposure.

a) Transactional currency risk

The Group is exposed to transactional currency risk on transactions denominated in currencies other than the underlying functional currency of the transacting entity. The Group's primary functional currencies are Sterling in SM&T Limited and SEFE Energy Limited, Euro in SEFE Energy SAS and US Dollars in SEFE LNG Limited, SM&T USA, SM&TS, SM&T Mexico and SM&T CH. Transactional risk is the risk that the functional currency value of cash flows will vary as a result of movements in exchange rates.

Transactional exposure primarily arises from two sources: firstly, from the operating activities of SM&T Limited where a proportion of transactions are denominated in Euros and US Dollars; secondly, from the operating activities of SEFE LNG Limited and SM&TS, where a proportion of transactions are denominated in Euros and Sterling.

Material transactional exposures are managed using derivative contracts to fix the functional currency value of non-functional currency cash flows. Currency risk is monitored and managed as part of the Group's VaR analysis.

A formal policy is in place for the management of non-trading related transactional foreign currency risks such as inter-company loans and non-functional currency overheads.

b) Translational currency risk

The Group has foreign currency exposure arising from its foreign operations. The Group does not have a formal hedging policy to protect the Sterling asset value of its net investments in foreign operations; however, budgeted exchange rates are set and Group performance against budgeted exchange rates is monitored by management. The budgeted exposures are assessed against the costs to hedge and management decides whether any action is required. The table below details the Group's foreign currency exposure, by currency, and calculates the impact on total comprehensive income of a reasonably possible parallel shift of the foreign currency against Sterling.

	2024 Sensitivity analysis			2023 Sensitivity analysis		
	Net assets £'000s	**Percentage increase/ (decrease) applied %**	**Decrease in total comprehensive income £'000s**	Net assets £'000s	Percentage increase/ (decrease) applied %	Decrease in total comprehensive income £'000s
Euro	**(1,700)**	**4.69%**	**(80)**	2,699	(5.29)%	(143)
US Dollar	**(130,957)**	**5.86%**	**(7,673)**	458,362	(10.66)%	(48,857)
	(132,657)		**(7,753)**	461,061		(49,000)

The percentage change for the current period applied for the foreign currency rate against Sterling has been calculated based on the greatest absolute annual percentage change over a two-year period from 1 January 2023 to 31 December 2024 and is therefore not necessarily the same percentage change in each foreign currency exchange rate in the current year.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Market risk continued

III. Interest rate risk

The Group is not exposed to interest rate fair value risk to the extent that borrowings are executed at floating rates. Cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Group has £816.9m (2023: £1,661.9m) borrowings and cash pool payable with its parent company, and £587.9m (2023: £490.5m) cash pool receivable from its parent company, the application of a parallel shift in the interest rate curve of 50 basis points on drawn loan balances and cash balances extant at year-end would result in a change in expense of £0.9m per annum as at 31 December 2024 (2023: £5.3m per annum).

The Company has £1,599.5m (2023: £1,844.2m) borrowings and cash pool payable with related parties, and £645.1m (2023: £1,036.4m) cash pool receivables from related parties, the application of a parallel shift in the interest rate curve of 50 basis points on drawn loan balances and cash balances extant at year-end would result in a change in expense of £4.8m per annum as at 31 December 2024 (2023: £3.9m per annum).

Credit risk

Credit risk management practices

The Group's exposure to credit risk takes the form of any potential loss associated with a counterparty's failure to meet their payment or performance obligations. These risks may arise in all forms of commercial agreements which include those relating to amounts owed for physical product sales, the use of derivative instruments and the investment of surplus cash balances.

Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Counterparty credit limits are approved by the Company's Management Council and by certain individuals to whom authority has been delegated. All counterparties are assigned a grading based on external ratings where available and an internal assessment methodology in other cases, with this used to set the maximum exposure that would be accepted against any particular counterparty.

The internal assessment methodology is reviewed by the RC. The credit exposure to each counterparty is then monitored on a daily basis to ensure those limits are not exceeded.

The majority of significant exposures arising through trading activities are with investment grade counterparties. The Group incorporates counterparty credit risk in determining the fair value of financial instruments. The impact of the Group's own credit risk has been reflected in the fair value of derivative financial instruments.

The Group trades under credit enhancement agreements which include payment netting (to reduce settlement exposure in the normal course of business) and close-out netting (to reduce pre-settlement credit exposure by netting offsetting payments to and from the defaulting party in insolvency situations), material adverse change and default provisions. The Group obtains credit support such as letters of credit, bank guarantees and parent company guarantees against exposures where appropriate.

The Group's credit position is impacted by cash pledged or received under margin and collateral agreements. The terms and conditions of these agreements depend upon the counterparty and the specific details of the transaction. In the Group, credit risk is managed by determining and monitoring a customer's creditworthiness and financial strength before commencing trading, with regular reviews thereafter. Creditworthiness is ascertained by reviewing an appropriate mix of internal and external information to determine limits, contract types and payment mechanisms required to reduce credit risk to an acceptable level.

The Group defines default as having occurred where receivables are more than 90 days past due or where irrecoverability is certain.

The Group's maximum exposure to credit risk on financial assets held at fair value through profit or loss is £1,791.2m (2023: £3,279.9m) and on financial assets held at amortised cost is £3,388.6m (2023: £3,140.0m). The Group also actively manages its portfolio to avoid concentrations of credit.

The Company's maximum exposure to credit risk on financial assets held at fair value through profit or loss is £2,582.4m (2023: £4,165.9m) and on financial assets held at amortised cost is £3,835.3m (2023: £3,016.1m), of which £923.1m (2023: £803.2m) related to transactions within the Group.

For financial assets and financial guarantee contracts subject to the impairment requirements of IFRS 9, the exposure to credit risk of the Group as at 31 December 2024 is disclosed in the expected credit loss section below, based on the carrying amounts of the financial assets the Group believes are subject to credit risk. These carrying amounts include the impact of offsetting but do not include the impact of other credit enhancements discussed above.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk continued

Expected credit losses

The Group has the following types of financial assets which are not measured at fair value through the Statement of comprehensive income and which are subject to the expected credit loss (ECL) model:

- Trade and other receivables, including contract assets
- Lease receivables
- Cash and cash equivalents
- Cash pool receivables from related parties
- Financial guarantee contracts

For trade and other receivables, including contract assets, the Group applies the simplified approach to measure a loss allowance using the lifetime ECL model.

For lease receivables, cash and cash equivalents, cash pool receivables from related parties and financial guarantee contracts, the Group measures the loss allowance at the 12-month expected credit loss amount unless there has been a significant increase in credit risk since initial recognition, as determined by the Company's Credit Risk Management Department.

Receivables from counterparties with investment-grade ratings (BBB- or better) are considered to have low credit risk and so it is assumed that the credit risk for such assets has not increased significantly since initial recognition. Where there has been a significant increase in credit risk since initial recognition, the lifetime ECL model is applied.

ECL methodology

For trade receivables in the Retail business, for which the counterparties tend to be of lower credit quality, where the balance is considered to be at an increased risk of default, specific loss allowance provisions are applied using assumptions based on past history, existing market conditions and forward-looking estimates.

For all other balances, the loss allowance is based on the counterparty's PD, multiplied by the LGD, multiplied by the credit exposure.

The approach uses both historical and forward-looking data such as credit ratings, audited Annual Financial Statements, credit default swaps pricing and industry and company-specific analysis of the counterparty's future prospects.

Exposure to credit risk

In order to assess the Group's exposure to credit risk, the gross carrying amount of financial instruments subject to the ECL model, or for financial guarantee contracts, their gross notional amount, are grouped by credit risk ratings in the table below. The available credit ratings range from AAA (highest credit quality) to D (lowest credit quality), with the latter representing exposure to counterparties already in default. Where the Group is unable to obtain a credit rating for a counterparty at the reporting date, the exposure is included in the Unrated category. ECL for these entities are calculated in line with C-rated counterparties. Contract assets represent receivables for gas and power supplied to the customer portfolio of the Retail business which has not yet been allocated to specific customer accounts or invoiced. Expected credit losses for these balances are calculated using the weighted average credit rating of the Retail portfolio. It should be noted that collateral is held against some of the lower rated counterparties in the portfolio (refer to the "Collateral and other credit enhancements" section below).

Group

	Credit rating					
31 December 2024	**AAA to BBB- £'000s**	**BB+ to B- £'000s**	**CCC+ to C £'000s**	**D £'000s**	**Unrated £'000s**	**Contract asset £'000s**
Lifetime ECL						
Gross carrying amount – trade and other receivables	**2,395,649**	**301,328**	**72,256**	**8,616**	**20,377**	**251,516**
12-month ECL						
Gross carrying amount – cash and cash equivalents	**49,842**	–	–	–	–	–
Gross carrying amount – cash pool receivables from related parties	**588,200**	–	–	–	–	–
Gross carrying amount – lease receivables	**2,094**	–	**257**	–	–	–

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk continued
Expected credit losses continued
Exposure to credit risk continued

Company

	Credit rating					
31 December 2024	**AAA to BBB- £'000s**	**BB+ to B- £'000s**	**CCC+ to C £'000s**	**D £'000s**	**Unrated £'000s**	**Contract asset £'000s**
Lifetime ECL						
Gross carrying amount – trade and other receivables	**2,078,320**	**1,060,442**	**47,707**	**1,937**	**–**	**–**
12-month ECL						
Gross carrying amount – cash and cash equivalents	**945**	**–**	**–**	**–**	**–**	**–**
Gross carrying amount – cash pool receivables from related parties	**588,200**	**57,249**	**–**	**–**	**–**	**–**
Gross carrying amount – lease receivables	**2,094**	**–**	**257**	**–**	**–**	**–**
Exposure to credit risk – financial guarantee contracts	**–**	**75,357**	**–**	**–**	**–**	**–**

The loss allowance as at 31 December 2023 was determined as follows:

Group

	Credit rating					
31 December 2023	**AAA to BBB- £'000s**	**BB+ to B- £'000s**	**CCC+ to C £'000s**	**D £'000s**	**Unrated £'000s**	**Contract asset £'000s**
Lifetime ECL						
Gross carrying amount – trade and other receivables	1,953,232	522,210	40,848	7,122	64,327	231,043
12-month ECL						
Gross carrying amount – cash and cash equivalents	109,989	–	2,073	–	–	–
Gross carrying amount – cash pool receivables from related parties	490,541	–	–	–	–	–
Gross carrying amount – lease receivables	574	–	1,276	–	–	–

Company

	Credit rating					
31 December 2023	**AAA to BBB- £'000s**	**BB+ to B- £'000s**	**CCC+ to C £'000s**	**D £'000s**	**Unrated £'000s**	**Contract asset £'000s**
Lifetime ECL						
Gross carrying amount – trade and other receivables	1,526,645	401,909	21,226	1,273	71	–
12-month ECL						
Gross carrying amount – cash and cash equivalents	23,169	–	1,540	–	–	–
Gross carrying amount – cash pool receivables from related parties	490,541	545,837	–	–	–	–
Gross carrying amount – lease receivables	574	–	1,276	–	–	–
Exposure to credit risk – financial guarantee contracts	–	28,587	–	–	–	–

Collateral and other credit enhancements

The Group receives cash collateral from certain counterparties as a method of mitigating credit risk on trade receivables. Where the carrying value of the trade receivables is supported by cash collateral, no ECL has been recognised on these amounts. The carrying value of trade receivables where no ECL has been recognised amounts to £53.8m (2023: £50.8m).

Write-off policy

The Group's write-off policy on trade receivables in the Retail business requires derecognition of amounts where irrecoverability is certain on amounts greater than six months overdue. Examples where irrecoverability is certain may include:

- The counterparty is in insolvency or bankruptcy proceedings, or undergoing financial reorganisation.
- The debt is overdue and it is considered uneconomical to pursue.
- The debt has been passed to collection agencies and is more than one year overdue.

For all other balances, due to the higher credit quality of the counterparties involved, and the low rate of ECL, the write-off policy only requires derecognition of amounts on an individual basis where it has been assessed that irrecoverability is certain.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk continued
Expected credit losses continued

Amounts recognised in profit or loss

During the year, the following losses/(gains) were recognised in the Statement of comprehensive income in relation to impairment on financial and contract assets.

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Receivables written off/(restored)	**16,360**	(63,139)	**69**	–
Movement in loss allowance for trade and other receivables	**(5,627)**	2,120	**2,410**	(3,980)
Movement in loss allowance for lease receivables	**(150)**	(50)	**(150)**	(50)
Movement in loss allowance for cash and cash equivalents	**–**	(198)	**–**	(190)
Movement in loss allowance for cash pool receivables from related parties	**40**	(3,490)	**(329)**	(6,750)
Movement in loss allowance for financial guarantee contracts	**–**	–	**70**	140
Net impairment losses/(reversals) on financial and contract assets	**10,623**	(64,757)	**2,070**	(10,830)

Liquidity risk

Liquidity risk represents the risk that the Group is unable to satisfy the financial obligations that arise during the course of business due to insufficient funding lines or available cash reserves.

Liquidity risk is monitored on a daily basis with cash flow forecasts amended as appropriate and adjustments made to the funding plan or business plan if required. Working capital requirements are actively managed to ensure the Group's financing facilities are sufficient even in stress case scenarios.

The Group protects itself against this risk by ensuring that it either has sufficient available cash reserves to hand or access to committed financing that will enable it to meet all anticipated needs as well as to cover stressed market conditions or extreme or unplanned events.

The Group's funding, available from SEFE GmbH, totals €4.8bn and is comprised of a €3.7bn committed funding line until June 2028 matched to SEFE's GmbH external funding; and a €1.1bn cash pooling limit with SEFE GmbH. The Group has £816.9m (2023: £1,661.9m) borrowings and cash pool payable from its parent company at year-end.

Cash balances are managed centrally by the SEFE Group's Treasury function. Interest is received based on market interest rates.

The following tables detail the Group's liquidity analysis for its financial and certain non-financial instruments. The tables have been drawn up based on the undiscounted gross cash inflows and outflows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected settlement amounts based on commodity price curves and other relevant market data at the reporting date.

The undiscounted gross cash inflows to be received on an annual basis related to lease receivables have been separately disclosed in note 12.

The table below presents contractual undiscounted cash flows within relevant maturity groupings based on the contractual tenor remaining at the date of the Statement of financial position.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Liquidity risk continued

Group

31 December 2024	Within 1 month £'000s	Within 2-12 months £'000s	1-2 years £'000s	2-5 years £'000s	Over 5 years £'000s	Total £'000s
Due for receipt						
Commodity trading contracts	**4,766,071**	**20,992,850**	**7,864,880**	**2,681,645**	**806,142**	**37,111,588**
Derivative instruments	**25,337**	**331,835**	**113,113**	**35,213**	**–**	**505,498**
Fair value storage contracts	**83,880**	**–**	**–**	**–**	**–**	**83,880**
Cash and cash equivalents	**49,792**	**–**	**–**	**–**	**–**	**49,792**
Cash pool receivables from related parties	**587,890**	**–**	**–**	**–**	**–**	**587,890**
Trade and other receivables	**2,199,466**	**858,726**	**–**	**–**	**–**	**3,058,192**
Total	**7,712,436**	**22,183,411**	**7,977,993**	**2,716,858**	**806,142**	**41,396,840**
Due for payment						
Commodity trading contracts	**4,791,490**	**22,766,320**	**7,887,126**	**2,469,559**	**806,470**	**38,720,965**
Derivative instruments	**18,107**	**350,095**	**116,377**	**13,553**	**–**	**498,132**
Fair value storage contracts	**12,440**	**–**	**–**	**–**	**–**	**12,440**
Trade and other payables	**2,194,261**	**84,504**	**–**	**–**	**–**	**2,278,765**
Loans, overdrafts and cash pool payables	**818,547**	**–**	**–**	**–**	**–**	**818,547**
Total	**7,834,845**	**23,200,919**	**8,003,503**	**2,483,112**	**806,470**	**42,328,849**

Group

31 December 2023	Within 1 month £'000s	Within 2-12 months £'000s	1-2 years £'000s	2-5 years £'000s	Over 5 years £'000s	Total £'000s
Due for receipt						
Commodity trading contracts	4,723,670	22,188,402	6,662,726	2,117,102	1,135,341	36,827,241
Derivative instruments	18,423	449,730	118,799	13,951	–	600,903
Fair value storage contracts	81,034	–	–	–	–	81,034
Cash and cash equivalents	111,742	–	–	–	–	111,742
Cash pool receivables from related parties	490,541	–	–	–	–	490,541
Trade and other receivables	2,504,079	79,933	258,130	–	–	2,842,142
Total	7,929,489	22,718,065	7,039,655	2,131,053	1,135,341	40,953,603
Due for payment						
Commodity trading contracts	4,844,091	21,943,440	6,834,289	2,101,385	1,135,775	36,858,980
Derivative instruments	53,805	724,664	121,913	58,856	88	959,326
Trade and other payables	1,743,071	124,645	305	–	–	1,868,021
Loans, overdrafts and cash pool payables	1,661,918	–	–	–	–	1,661,918
Total	8,302,885	22,792,749	6,956,507	2,160,241	1,135,863	41,348,245

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Liquidity risk continued

Company

31 December 2024	Within 1 month £'000s	Within 2-12 months £'000s	1-2 years £'000s	2-5 years £'000s	Over 5 years £'000s	Total £'000s
Due for receipt						
Commodity trading contracts	**4,944,690**	**21,967,910**	**8,357,312**	**2,875,044**	**808,816**	**38,953,772**
Derivative instruments	**70,887**	**903,327**	**267,715**	**35,270**	**–**	**1,277,199**
Fair value storage contracts	**83,880**	**–**	**–**	**–**	**–**	**83,880**
Cash and cash equivalents	**895**	**–**	**–**	**–**	**–**	**895**
Cash pool receivables from related parties	**645,109**	**–**	**–**	**–**	**–**	**645,109**
Trade and other receivables	**1,897,898**	**1,319,669**	**–**	**–**	**–**	**3,217,567**
Total	**7,643,359**	**24,190,906**	**8,625,027**	**2,910,314**	**808,816**	**44,178,422**
Due for payment						
Commodity trading contracts	**5,001,196**	**24,864,848**	**7,978,850**	**2,498,818**	**806,470**	**41,150,182**
Derivative instruments	**38,560**	**569,672**	**166,001**	**13,554**	**–**	**787,787**
Fair value storage contracts	**12,440**	**–**	**–**	**–**	**–**	**12,440**
Trade and other payables	**1,511,546**	**464,040**	**–**	**1,477**	**–**	**1,977,063**
Loans, overdrafts and cash pool payables	**1,286,394**	**215,000**	**98,089**	**–**	**–**	**1,599,483**
Total	**7,850,136**	**26,113,560**	**8,242,940**	**2,513,849**	**806,470**	**45,526,955**

Company

31 December 2023	Within 1 month £'000s	Within 2-12 months £'000s	1-2 years £'000s	2-5 years £'000s	Over 5 years £'000s	Total £'000s
Due for receipt						
Commodity trading contracts	4,951,012	23,300,182	7,160,687	2,350,177	1,137,444	38,899,502
Derivative instruments	28,144	913,117	156,664	38,031	–	1,135,956
Fair value storage contracts	81,034	–	–	–	–	81,034
Cash and cash equivalents	23,989	–	–	–	–	23,989
Cash pool receivables from related parties	1,036,378	–	–	–	–	1,036,378
Trade and other receivables	1,963,309	14,583	–	–	–	1,977,892
Total	8,083,866	24,227,882	7,317,351	2,388,208	1,137,444	43,154,751
Due for payment						
Commodity trading contracts	4,890,535	22,177,438	6,930,959	2,140,465	1,135,775	37,275,172
Derivative instruments	116,222	1,517,235	249,050	90,083	88	1,972,678
Trade and other payables	1,307,200	357,442	305	1,309	–	1,666,256
Loans, overdrafts and cash pool payables	1,759,484	84,736	–	–	–	1,844,220
Total	8,073,441	24,136,851	7,180,314	2,231,857	1,135,863	42,758,326

16 FINANCIAL AND NON-FINANCIAL INSTRUMENTS WITHIN THE SCOPE OF IFRS 9

As part of its business operations, the Group uses derivatives to manage its exposure to fluctuations in commodity prices and foreign exchange rates. Sometimes, a range of contract types is used in combination to create incremental gains by arbitraging prices between markets, locations and time periods.

The Group enters into currency derivatives to hedge certain foreign currency cash flows and to adjust the currency composition of its assets and liabilities. The Group's policy is to predominantly enter into currency derivatives where these are matched by an underlying asset, liability or forecast transaction.

The Group also uses various commodity-based derivative instruments to manage some of the risks arising from its normal operating activities that give rise to commodity price exposures. Such instruments include financial or net-settled forwards, futures, swaps and options.

For the Group and the Company, all derivatives not subject to hedge accounting are classified at fair value through profit or loss and no financial instruments have been designated at fair value through profit or loss in accordance with the fair value option available within IFRS 9 (2023: £nil).

The following tables show further information on the fair value of held-for-trading assets and liabilities:

	Group		Company	
	2024 £'000s	2023 £'000s	**2024 £'000s**	2023 £'000s
Non-current assets				
Commodity trading contracts	**328,959**	567,072	**491,848**	672,196
Foreign exchange contracts	**37,941**	3,534	**40,234**	24,427
	366,900	570,606	**532,082**	696,623
Current assets				
Commodity trading contracts	**1,225,602**	2,607,900	**1,848,479**	3,347,750
Foreign exchange contracts	**114,782**	20,336	**117,988**	40,510
Fair value storage contracts	**83,880**	81,034	**83,880**	81,034
	1,424,264	2,709,270	**2,050,347**	3,469,294
Current liabilities				
Commodity trading contracts	**1,593,192**	2,521,227	**1,891,369**	3,373,170
Foreign exchange contracts	**9,994**	24,246	**124,700**	36,662
Fair value storage contracts	**12,440**	–	**12,440**	–
	1,615,626	2,545,473	**2,028,509**	3,409,832
Non-current liabilities				
Commodity trading contracts	**424,659**	396,410	**465,861**	560,892
Foreign exchange contracts	**2,988**	20,515	**38,643**	22,761
	427,647	416,925	**504,504**	583,653

17 FAIR VALUE MEASUREMENT

In determining the fair value of assets and liabilities, the Group utilises market data or assumptions that market participants would use in setting a price for the asset or liability. Where quoted market prices are not available, the Group uses valuation techniques to determine the fair values of these instruments. Inputs to the valuation technique can be observable and readily obtainable, market corroborated or generally unobservable. The Group endeavours to maximise the use of observable inputs and minimise the use of unobservable inputs.

Fair value hierarchy

Based on the observability of inputs to the valuation techniques employed, the Group classifies all assets and liabilities carried at fair value within the fair value hierarchy. The determination of the classification gives the highest standing to unadjusted quoted prices in active exchange markets for identical assets or liabilities (Level 1 measurement) and the lowest standing to those fair values determined with reference to significant unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are:

Level 1 – Quoted prices are available in active markets for identical assets and liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 instruments are primarily exchange traded derivatives.

Level 2 – Quoted prices are not available; however, pricing inputs are either directly or indirectly observable at the reporting date. Level 2 instruments include those valued using industry standard models and valuation techniques. These inputs include quoted forward prices for commodities, implied volatility factors, spot market prices, contractual prices and expected volumes of the underlying instruments.

Substantially all of these inputs or assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable transaction prices executed in the marketplace.

Level 2 instruments include non-exchange traded derivatives such as forward contracts, swaps and options, as well as inventories of physical gas and LNG in tanks.

Level 3 – Valuation techniques or models include significant inputs that are generally less observable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that are structured or individually tailored. At each reporting date, the Group performs an analysis of all assets and liabilities at fair value and includes in Level 3 those whose fair value is derived using significant unobservable inputs.

The following tables show the Group's assets and liabilities that were accounted for at fair value at the reporting date according to their level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement as a whole. The Group's assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy.

	Group			
2024	**Level 1 £'000s**	**Level 2 £'000s**	**Level 3 £'000s**	**Total £'000s**
Held for trading assets				
Commodity trading contracts	**277,383**	**1,232,473**	**44,705**	**1,554,561**
Forward foreign exchange contracts	–	**152,723**	–	**152,723**
Fair value storage contracts	–	**83,880**	–	**83,880**
	277,383	**1,469,076**	**44,705**	**1,791,164**
Inventories held at fair value	**112,639**	**648,847**	–	**761,486**
Held for trading liabilities				
Commodity trading contracts	**435,576**	**1,567,905**	**14,370**	**2,017,851**
Forward foreign exchange contracts	–	**12,982**	–	**12,982**
Fair value storage contracts	–	**12,440**	–	**12,440**
	435,576	**1,593,327**	**14,370**	**2,043,273**

17 FAIR VALUE MEASUREMENT continued

Fair value hierarchy continued

	Group			
2023	**Level 1 £'000s**	**Level 2 £'000s**	**Level 3 £'000s**	**Total £'000s**
Held for trading assets				
Commodity trading contracts	535,985	2,631,363	7,624	3,174,972
Forward foreign exchange contracts	–	23,870	–	23,870
Fair value storage contracts	–	81,034	–	81,034
	535,985	2,736,267	7,624	3,279,876
Inventories held at fair value	1,009,560	601,209	–	1,610,769
Held for trading liabilities				
Commodity trading contracts	752,293	2,095,725	69,619	2,917,637
Forward foreign exchange contracts	–	44,761	–	44,761
	752,293	2,140,486	69,619	2,962,398

	Company			
2024	**Level 1 £'000s**	**Level 2 £'000s**	**Level 3 £'000s**	**Total £'000s**
Held for trading assets				
Commodity trading contracts	**277,383**	**2,018,239**	**44,705**	**2,340,327**
Forward foreign exchange contracts	**–**	**158,222**	**–**	**158,222**
Fair value storage contracts	**–**	**83,880**	**–**	**83,880**
	277,383	**2,260,341**	**44,705**	**2,582,429**
Inventories held at fair value	**112,639**	**648,847**	**–**	**761,486**
Held for trading liabilities				
Commodity trading contracts	**435,576**	**1,907,284**	**14,370**	**2,357,230**
Forward foreign exchange contracts	**–**	**163,343**	**–**	**163,343**
Fair value storage contracts	**–**	**12,440**	**–**	**12,440**
	435,576	**2,083,067**	**14,370**	**2,533,013**

	Company			
2023	**Level 1 £'000s**	**Level 2 £'000s**	**Level 3 £'000s**	**Total £'000s**
Held for trading assets				
Commodity trading contracts	535,985	3,476,337	7,624	4,019,946
Forward foreign exchange contracts	–	64,937	–	64,937
Fair value storage contracts	–	81,034	–	81,034
	535,985	3,622,308	7,624	4,165,917
Inventories held at fair value	1,009,560	601,209	–	1,610,769
Held for trading liabilities				
Commodity trading contracts	752,293	3,112,150	69,619	3,934,062
Forward foreign exchange contracts	–	59,423	–	59,423
	752,293	3,171,573	69,619	3,993,485

17 FAIR VALUE MEASUREMENT continued

Fair value hierarchy continued

The following table shows a reconciliation of changes in the fair value of instruments classified as Level 3 in the fair value hierarchy:

	Group £'000s	Company £'000s
Fair value at 1 January 2023	**(227,115)**	**(227,115)**
Purchases	(61,996)	(61,996)
Settlements	227,115	227,115
Fair value at 1 January 2024	**(61,996)**	**(61,996)**
Purchases	32,244	32,244
Settlements	60,087	60,087
Fair value at 31 December 2024	**30,335**	**30,335**

Changing one or more of the unobservable inputs within a valuation model is not expected to materially change the fair value of the instruments as reported.

The carrying amounts of financial assets and financial liabilities measured at amortised cost in the Financial Statements are approximately equal to their fair values.

Significant transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy:
There were no significant transfers between Level 1 and Level 2, nor Level 2 and Level 3 (2023: £nil).

It is the Group's policy to treat all transfers between levels of the fair value hierarchy as if they occurred at the start of the reporting period.

Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives:
All instruments are valued in accordance with the techniques outlined in the fair value hierarchy disclosure above. The majority of Level 3 assets and liabilities comprise power interconnector contracts. The Group uses a proprietary model with unobservable inputs, for which the valuation differs on day one to the transaction price. The model price is then calibrated to ensure that it reflects the transaction price. The impact of varying the unobservable parameters as at 31 December 2024 and at 31 December 2023 was immaterial.

Day-one P&L
As set out in note 3 under financial and non-financial instruments within the scope of IFRS 9, where there is evidence that the fair value of an asset or liability at inception of a transaction is different to the transaction price, but that fair value is based on significant unobservable data, the difference ("day-one gain or loss") is deferred rather than recognised immediately.

The following table shows the changes in the day-one gains and losses deferred:

	Group	
	2024 £'000s	2023 £'000s
Day-one gains and losses		
Fair value of contracts not recognised through the Statement of comprehensive income at 1 January	**(353)**	(54,512)
Initial fair value of new contracts not recognised in the Statement of comprehensive income	**3,441**	(353)
Fair value recognised in the Statement of comprehensive income during the year	**(4,339)**	54,512
Fair value of contracts not recognised through the Statement of comprehensive income at 31 December	**(1,251)**	(353)

	Company	
	2024 £'000s	2023 £'000s
Day-one gains and losses		
Fair value of contracts not recognised through the Statement of comprehensive income at 1 January	**(353)**	(54,512)
Initial fair value of new contracts not recognised in the Statement of comprehensive income	**3,441**	(353)
Fair value recognised in the Statement of comprehensive income during the year	**(4,339)**	54,512
Fair value of contracts not recognised through the Statement of comprehensive income at 31 December	**(1,251)**	(353)

18 CONTINGENCIES

As at 31 December 2024, the Group and Company are not aware of any circumstances that require the disclosure of a contingent liability (2023: no such disclosable items).

19 RELATED PARTY TRANSACTIONS

a) Transactions

During the year, the Group entered into various transactions with related parties as shown in the table below.

Group	Sales to related party £'000s	Purchases from related party £'000s	Amounts owed by related party £'000s	Amounts owed to related party £'000s
Related party				
Parent				
2024	**19,253**	**287,931**	**675,962**	**838,625**
2023	282,898	93,226	828,075	1,685,806
Other related parties				
2024	**19,779,348**	**19,962,862**	**232,439**	**824,455**
2023	28,390,565	18,929,326	1,105,503	188,774

Company	Sales to related party £'000s	Purchases from related party £'000s	Amounts owed by related party £'000s	Amounts owed to related party £'000s
Related party				
Parent				
2024	**19,253**	**13,549**	**675,962**	**832,642**
2023	22,998	93,226	569,944	1,684,955
Subsidiaries				
2024	**3,283,513**	**3,083,695**	**1,724,425**	**2,169,032**
2023	4,648,495	4,042,260	1,697,524	1,926,550
Other related parties				
2024	**19,779,348**	**19,962,862**	**232,439**	**824,442**
2023	28,390,565	18,859,977	1,105,494	188,765

b) Commitments

The Group and Company have the following commitments with related parties:

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Subsidiaries sales	**–**	–	**155**	238
Subsidiaries purchases	**–**	–	**2,297**	1,449

Sales and purchases with related parties are in the ordinary course of business and support for the arm's length nature of related party transactions is sought from comparable third-party transactions which are on substantially the same terms.

At 31 December 2024 the Company had provided parental guarantees of up to £161.1m on behalf of its subsidiaries (2023: £112.6m). As the Company charges an arm's length fee for these parental guarantees, the associated Fair Value is nil.

20 ULTIMATE PARENT AND CONTROLLING PARTY

The ultimate parent and controlling party is SEEHG Securing Energy for Europe Holding GmbH, a company incorporated in Germany, which is the largest and smallest group which includes the Group and for which Consolidated Financial Statements are prepared. The ultimate parent company remains under the control of the German Federal Government.

Copies of the Consolidated Financial Statements of SEEHG Securing Energy for Europe Holding GmbH are available from SEEHG Securing Energy for Europe Holding Group GmbH, Markgrafenstraße 23, D-10117 Berlin Germany.

ABBREVIATIONS

bn	Billion
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
EUR	Euro
GBP	British Pound Sterling
GHG	Greenhouse gases
KfW	Kreditanstalt für Wiederaufbau
kWh	Kilowatt hour
LNG	Liquefied natural gas
m	Million
MVaR	Market value at risk
MWh	Megawatt hour
Net income	Gross profit, plus or minus the net result from trading and hedging activities
PPA	Purchase Power Agreement
RC	Risk Committee
SEEHG	SEEHG Securing Energy for Europe Holding GmbH, Berlin (Germany)
SEFE	SEFE Securing Energy for Europe GmbH, Berlin (Germany)
SEFE Energy	SEFE Energy Limited, London (United Kingdom) and SEFE Energy SAS (France)
SEFE Energy GmbH	SEFE Energy GmbH, Kassel (Germany)
SEFE Group	SEEHG Securing Energy for Europe Holding Group
SM&T	SEFE Marketing & Trading Limited, London (United Kingdom)
TCFD	Task Force on Climate-Related Financial Disclosures
Underlying EBITDA	EBITDA excluding the effect of exceptional items
Underlying net income	Net income excluding the effect of exceptional items
USD	United States Dollar
VaR	Value at risk

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Details correct at time of publication

In this publication, the expression 'Group', is sometimes used for convenience where references are made to companies within the SEFE Marketing & Trading Limited group of companies or to the SEFE group in general. Likewise, the words 'we', 'us' and 'our' are also used to refer to SEFE companies in general or those who work for them.

These expressions are also used where no useful purpose is served by identifying specific companies.

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