

ENERGIA GROUP LIMITED

# ANNUAL REPORT

31 March 2022

Annual Report & Consolidated  
Financial Statements 2022

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**en**ergia group



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# KEY FACTS & FIGURES

## Underlying Business Results<sup>1</sup>

### Group Pro-Forma EBITDA

Group Pro-Forma EBITDA	2022 €m	2021 €m
Renewables	211.5	66.9
Flexible Generation	104.0	61.7
Customer Solutions	(115.4)	65.5
	<b>200.1</b>	194.1

€m  
**200.1**

€m  
**66.5**

**Capital expenditure**  
(2021 - €39.5m)



### IFRS Results<sup>2</sup>

**Revenue**  
(2021 - €1,899.1m)



€m  
**3,221.7**

€m  
**178.0**



**Operating profit**  
(2021 - €178.7m)

<sup>1</sup> Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.

<sup>2</sup> Before exceptional items and certain remeasurements.



## Operational Facts

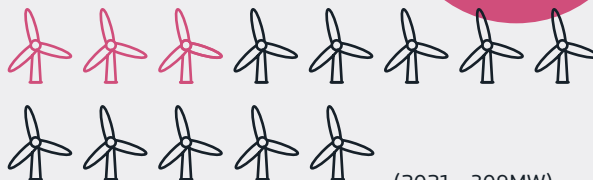
993



**Employee numbers**  
(2021 - 916)

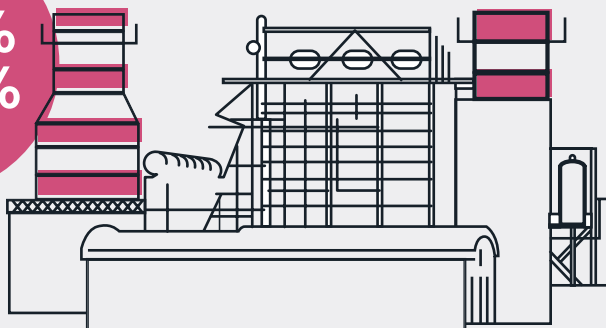
**Wind generation assets  
operational at March 31 2022**

MW  
**309**



(2021 - 309MW)

**97.0%**  
**44.3%**



**Huntstown CCGT asset availability**  
(2021 - 81.9% / 83.9%)



**97.1%**

**Wind asset availability**  
(2021 - 97.8%)

TWh  
**2.8**

**NI electricity sales**  
(2021 - 3.0TWh)

**730,800**

**Residential customer sites supplied**  
(2021 - 729,500)



TWh  
**5.0**

**RoI electricity sales**  
(2021 - 4.3TWh)

# **STRATEGIC & DIRECTOR'S REPORT**





# STRATEGIC AND DIRECTOR'S REPORT

## OPERATING REVIEW

All references in this document to 'Group' denote Energia Group Limited and its subsidiary undertakings and to 'Company' denote Energia Group Limited, the parent company. The principal activity of the Company is that of a holding company.

### Business Model and Principal Activities

The Group is a leading integrated Irish energy business with substantial businesses in both Ireland (Republic of Ireland or RoI) and Northern Ireland (NI). The Group primarily operates through three business units:

- Renewables;
- Flexible Generation; and
- Customer Solutions.

The Renewables business owns and operates 309MW of wind assets and purchases electricity from 1,282MW of renewable generation capacity throughout Ireland.

The Flexible Generation business owns and operates 747MW of conventional generation assets in the RoI and procures power under contract with 600MW of conventional generation assets in NI.

The Customer Solutions business supplies electricity and gas to 316,600 customer sites in the RoI and 504,400 customer sites in NI through its two retail brands, Energia and Power NI.

## Strategy

### Decarbonising the energy system

*We are committed to reducing the carbon intensity of our electricity generation by 50% by 2030 compared to FY20 levels*

The island of Ireland, like the wider global energy sector, is undergoing a transformation, driven by the need to meet climate change targets and the effects of technological change. Decarbonisation is already an imperative; and the consequential electrification of large sectors of the economy, such as transport and heating, are becoming policy priorities.

As the Group is a leading energy utility on the island of Ireland in each of its Renewables, Flexible Generation and Customer Solutions businesses, it has an important role to play in the energy transition the island of Ireland must go through in the next decade. The Group has put itself in a strong position to benefit from these changes. Accordingly, the Group's strategy remains focused on continuing its evolution as a modern, technologically sophisticated, customer centric, energy business with a strong emphasis on renewable technology and on providing innovative energy-related solutions and services that meet its customers' needs. Management continues to focus on four strategic objectives which underpin the Group's strategy:

- build on and diversify the increasing platform of renewable assets to accelerate low carbon growth and increase earnings;
- grow our profitable customer base and focus on customer retention through technological advances with enhanced and differentiated product offerings, while looking for opportunities to increase, diversify and enhance the quality of our customer relationships. Ways in which the Group can assist our customers' aspiration to decarbonise will be a central aspect of our strategy;
- profitably develop, operate and grow our portfolio of flexible generation assets in a manner that supports the Group's renewable asset portfolio, enhances our product offering to customers and provides the grid services needed as Ireland transitions to a carbon neutral economy; and
- support the predictability of the Group's underlying earnings and stable cash flows through the diversity of contracted and regulated revenue streams. Earnings will be further underpinned by exploiting the complementarity of our operations in each of our business units through trading and balancing our portfolio of renewable and conventional generation with the demand from customers, employing industry leading technology and data management.

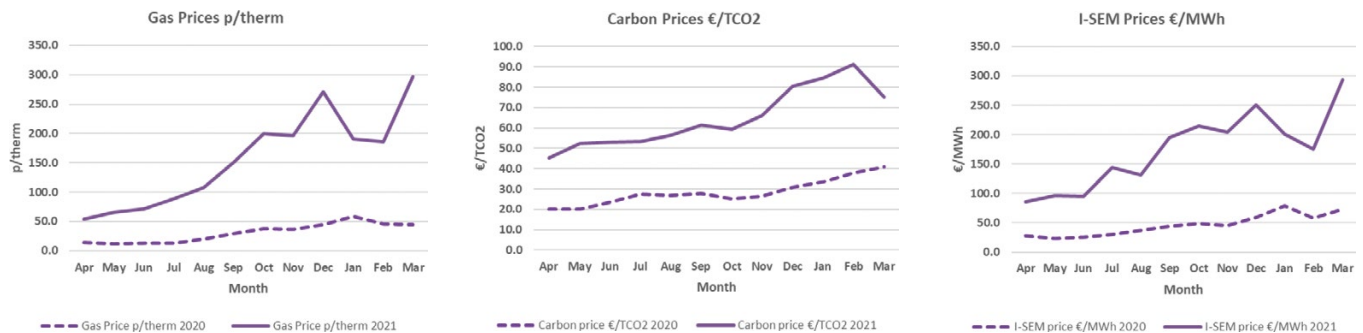
In line with the Group's commitment to exploit the opportunities presented by technological advances relevant to its business, a Group-wide hub is in operation for collaboration on initiatives in innovation; and further to underpin delivery of the Group's strategic objectives, the Group has an extensive and experienced corporate development team.

The transition to a low carbon economy presents opportunities and the Group continues to implement its Positive Energy investment programme across a range of major renewable energy projects including onshore and offshore wind farms, solar power, hydrogen fuel generation and the smart grid. The Positive Energy programme is aligned with the Government of Ireland's commitment to increase the amount of electricity generated from renewable sources to 80% by 2030 and will contribute to further sustainability in Ireland's energy supply and to the achievement of Ireland's climate change reduction targets. Furthermore, the Group has committed to target a 50% reduction in the carbon intensity of its electricity generation by 2030 compared to FY20 levels through a number of measures including the delivery of its Positive Energy programme.

## Energy Markets

Financial Year 2022 has been characterised by volatile commodity prices, in particular the later part of the year has been impacted by high commodity prices as a result of increased global demand as economies rebounded from Covid together with further upward pressure on commodities as a result of geopolitical circumstances. As shown in Figure 1 below, average gas prices for the year were 157p/therm (2021 – 31p/therm) and carbon prices were on average €65/TCO<sub>2</sub> (2021 – €28/TCO<sub>2</sub>) resulting in average Integrated Single Electricity Market (I-SEM) prices of €174/MWh (2021 – €46/MWh).

Figure1 Commodity and I-SEM prices



The Group's financial performance remained strong throughout the year, notwithstanding the volatility in commodity prices, reflecting the integrated benefit and complementary nature of the Group's operating segments.

The higher I-SEM market prices throughout 2022 have notably impacted the EBITDA of the Group's Customer Solutions business (which is outlined in more detail in the Business Review section

below) however, as there is no explicit Contract for Difference (CfD) between the Huntstown plants and the Customer Solutions businesses and due to the segmental presentation of the Renewable PPAs (which are specifically attributable to the Customer Solutions businesses), this was offset by higher EBITDA for the Group's Renewables and Flexible Generation businesses which have benefitted from the higher I-SEM market prices.



The new Huntstown 2 transformer successfully commissioned in October 2021



Notwithstanding the financial performance for the past year, uncertainty remains over the future impact of high commodity prices and increasing inflation on the Group's businesses and customers. Management continues to monitor and assess developments in the wider energy market, influenced by geopolitical circumstances, and the potential impact on the Group's businesses. The Group has strong liquidity at 31 March 2022 (with €367.9m cash and cash equivalents excluding project finance cash) and has undrawn committed revolving credit facilities of €109.0m. The Group also successfully increased its Revolving Credit Facilities (RCF) during the year by £80m and is therefore well positioned to manage the potential future impact of higher commodity prices.

## Management Team

The management team is responsible for the delivery of the agreed strategy through the operational management of the Group's businesses. Biographies for the management team are provided in the section entitled "Management Team, Ownership and Directorship".

## Key Performance Indicators

The Group has determined that the following key performance indicators (KPIs), covering both financial and operational performance, are the most effective measures of progress towards achieving the Group's objectives.

### Financial KPIs

The financial KPIs are:

- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA);
- Capital expenditure; and
- Net debt.

The EBITDA KPI is pro-forma EBITDA which

is based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4. Commentary on the financial KPIs is set out in the Group Financial Performance section below and within the relevant Business Review.

### Operational KPIs

The operational KPIs are:

#### Renewables

- the average annual and year end capacity (MW) of wind generation in operation in the Rol and NI;
- availability (the percentage of time wind generation assets are available to produce full output);
- wind factor (the indicative net output of the available wind generation assets after dispatch losses); and
- the average annual and year end capacity (MW) of contracted renewable generation in operation in the Rol and NI

#### Flexible Generation

- generation plant availability (the percentage of time Huntstown CCGTs are available to produce full output);
- generation plant unconstrained utilisation (the indicative dispatch of the available Huntstown CCGTs assuming no constraints i.e. restrictions imposed by the Single Electricity Market Operator (SEMO) on the availability of the Huntstown CCGTs to dispatch electricity or physical limitations of dispatching such electricity); and
- generation plant incremental impact of constrained utilisation (the actual dispatch of the available Huntstown CCGTs assuming constraints imposed by SEMO).

## Customer Solutions

- residential and non-residential customer sites in the RoI and NI;
- the volume of electricity sales (TWh) in the RoI and NI;
- the volume of gas sales (million therms) in the RoI; and
- the number of complaints which the Commission for Regulation of Utilities (CRU) and the Consumer Council for NI (CCNI) (Stage 2 complaints) takes up on behalf of customers.

Operational KPIs and commentary on business performance are set out in the relevant Business Review.

The Group also regards the lost time incident rate (LTIR) as a KPI in respect of employee safety; details are set out in the Responsible Business Report.



Derrysallagh wind farm, Co. Sligo

## Group financial performance

The Group's financial KPIs are shown below:

	2022 €m	2021 €m
Pro-forma EBITDA <sup>1</sup>	200.1	194.1
Net capital expenditure	66.5	39.5
Net debt <sup>2</sup>	584.2	744.8

<sup>1</sup> As shown in note 4 to the accounts

<sup>2</sup> As shown in the 'Summary of Financial Performance'

Total Group pro-forma EBITDA increased to €200.1m (2021 - €194.1m) primarily reflecting an increase in the Renewables and Flexible Generation businesses partly offset by a reduction in Customer Solutions as discussed further below.

Net capital expenditure in respect of tangible fixed assets and intangible software assets increased to €66.5m (2021 - €39.5m) primarily reflecting an increase in capital expenditure in the Flexible Generation business as discussed further below.

The Group's net debt decreased to €584.2m (2021 - €744.8m).

## BUSINESS REVIEWS

### Renewables

#### Overview

The Group owns and operates a generation portfolio comprising onshore wind assets across the RoI and NI. In addition, the Group is developing a further pipeline of wind and solar projects across Ireland. The Group also

purchases electricity under long-term off-take Power Purchase Agreement (PPA) contracts with third party renewable generators and the Group's owned renewable assets through its Customer Solutions businesses.

### Financial performance

The Renewables financial KPIs are shown below:

	2022 €m	2021 €m
EBITDA <sup>1</sup>	211.5	66.9
Net capital expenditure	14.7	17.2

<sup>1</sup> Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.



Renewables EBITDA increased to €211.5m (2021 - €66.9m) primarily reflecting higher contributions from the renewable PPAs (due to higher energy prices achieved partly offset by lower wind volumes) and higher wind generation assets EBITDA (reflecting higher prices for NI assets, the full year impact of the Derrysallagh

wind farm which was commissioned July 2020 partly offset by lower wind volumes) partly offset by increased costs of development projects.

Net capital expenditure decreased to €14.7m (2021 - €17.2m) primarily due to lower capital expenditure in respect of development projects.

## Operational performance

KPIs	2022	2021
<b>Wind generation assets owned</b>		
Wind generation capacity in operation in the RoI and NI		
- average during the year (MW)	309	300
- at 31 March (MW)	309	309
Availability (%)	97.1	97.8
Wind factor (%)	23.8	26.3
<b>Renewable PPA portfolio</b>		
Contracted renewable generation capacity in operation in the RoI and NI		
- average during the year (MW)	1,282	1,286
- at 31 March (MW)	1,282	1,284

### Onshore operational wind generation assets

The Group owns onshore wind farm assets across the RoI and NI. The average onshore wind generation capacity in operation during the year was 309MW (2021 - 300MW) and at 31 March 2022, total generation capacity was 309MW (2021 - 309MW). This comprised 136MW (2021 - 136MW) of operating onshore wind generation capacity in the RoI and 173MW (2021 - 173MW) of operating onshore wind generation capacity in NI.

Renewable assets availability was 97.1% (2021 - 97.8%) with a wind factor of 23.8% (2021 - 26.3%).

Distributions<sup>1</sup> of €18.1m were made in the year (2021 - €8.1m) from wholly owned onshore wind generation assets.

### Renewable PPA portfolio

The Group's renewable PPA portfolio primarily consists of off-take contracts with third party owned wind farms (alongside wind generation assets in which the Group has an equity interest).

The Group, via its Customer Solutions business, has entered into contracts with developers under which it has agreed to purchase the long-term output of a

<sup>1</sup> Distributions from wholly owned onshore wind generation assets are eliminated on Group consolidation.

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number of wind farm projects and with generators from other renewable sources (e.g. anaerobic digestion and biomass technologies).

The average contracted generation capacity in operation during the year was 1,282MW (2021 – 1,286MW) with 31 March 2022 operating capacity of 1,282MW (2021 – 1,284MW) of which the Rol operating capacity was 599MW (2021 - 599MW) and the NI operating capacity was 683MW (2021 – 685MW).

### **Bioenergy assets**

Commissioning of the bioenergy plant at Huntstown in Dublin continues to experience significant delays and the EPC contractor has not been able to demonstrate that the plant is capable of meeting the technical and performance parameters required. The Group continues to assess various technical solutions to alleviate the issues identified. On 25 April 2022 the Group served a termination notice on the EPC contractor and thereafter issued a notice referring a dispute to the International Chamber of Commerce (ICC) Arbitration.

### **Solar**

The Group has consented solar projects in the Rol for which it has submitted planning applications to increase the scale of these projects. In addition, the Group is progressing a number of further greenfield solar development opportunities in the Rol. The current pipeline of in-development solar projects is 313MW.

### **Hydrogen**

The Group is procuring an electrolyser to produce hydrogen from renewable electricity at the Long Mountain wind farm. Civil works are largely complete however commissioning of the electrolyser has been delayed and is now targeted for Third Quarter 2023.

### **Onshore wind development assets**

The Group continues to progress the development of its onshore wind pipeline projects (267MW) and expects to enter into Corporate PPAs for such development projects.

In May 2021 the Group completed the acquisition of Drumlins Park Limited (Drumlin), a 49MW wind farm development project in County Monaghan and in May 2022 entered into a turbine supply agreement for the project. Construction has commenced and commissioning is expected in 2024. The project will be underpinned by a Corporate PPA with a blue-chip counterparty.

In March 2022 the Group completed the acquisition of Gaofar Limited (Ballylongford), a 25MW wind farm development project in County Kerry.

### **Offshore wind**

The Group has foreshore licences to carry out preliminary surveys in order to investigate the feasibility of offshore wind generation at sites in the North Celtic Sea and the South Irish Sea and public consultation processes are ongoing for both projects. During the year the Group completed the procurement process for geophysical and geotechnical surveys for both projects and survey works commenced in April 2022.

## Outlook

Development is ongoing for the Group's pipeline of wind and solar projects across Ireland.

The table below summarises the current portfolio of renewable projects excluding offshore wind and hydrogen production:

MW	Operating	Under Construction	In Development	Total
<b>Onshore wind generation assets</b>				
- NI	173	-	52	225
- Rol	136	-	215	351
	<b>309</b>	<b>-</b>	<b>267</b>	<b>576</b>
<b>Bioenergy Assets</b>				
- NI	-	-	4	4
- Rol	-	4	-	4
	<b>-</b>	<b>4</b>	<b>4</b>	<b>8</b>
<b>Solar</b>				
- Rol	-	-	313	313
	<b>309</b>	<b>4</b>	<b>584</b>	<b>897</b>

The Group continues to assess a number of other opportunities to acquire and develop further renewable development projects.



## Flexible Generation

### Overview

The Group owns and operates two CCGT plants at the Huntstown site in north Dublin. Huntstown 1, a 343MW CCGT plant was commissioned in November 2002 and Huntstown 2, a 404MW CCGT plant adjacent to Huntstown 1, was commissioned in October 2007.

In addition, the Group's Power Procurement Business (PPB) administers 600MW of contracted generation capacity from the Ballylumford power station in NI. This legacy contract runs to September 2023 and is cancellable by the Utility Regulator (UR) with six months' notice.

## Financial performance

	2022 €m	2021 €m
EBITDA <sup>1</sup>	104.0	61.7
Net capital expenditure	39.1	7.2

<sup>1</sup> Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.

Flexible Generation EBITDA increased to €104.0m (2021 – €61.7m) primarily reflecting higher Huntstown 1 margins due to higher availability (prior year Huntstown 1 had a major outage) and higher prices (reflecting higher commodity prices and lower availability of other thermal plants and lower wind generation) together with recognition of the property damage and business interruption insurance claim for Huntstown 2 (as outlined below) and higher Huntstown 2 margins post its return to service on 23 October 2021 partly offset by the

zero availability impact of Huntstown 2 up to its return to service on 23 October 2021.

Net capital expenditure increased to €39.1m (2021 - €7.2m) primarily reflecting capital expenditure in respect of the 50MW battery storage project in NI, the replacement transformer for Huntstown 2 (for which insurance proceeds are reflected in the Income Statement), together with initial expenditure on the data centre primarily in respect of the purchase of land.

## Operational performance

KPIs	2022	2021
<b>Huntstown CCGTs</b>		
Availability (%)		
- Huntstown 1	97.0	81.9
- Huntstown 2	44.3	83.9
Unconstrained utilisation (%)		
- Huntstown 1	65.5	68.4
- Huntstown 2	44.0	54.7
Incremental impact of constrained utilisation (%)		
- Huntstown 1	0.9	(2.6)
- Huntstown 2	(0.4)	(6.2)

Huntstown 1 availability was 97.0% (2021 – 81.9%) reflecting a 57 day planned major outage in the prior year which commenced in October 2020 and was successfully completed in December 2020.

Huntstown 2 availability was 44.3% (2021 – 83.9%) primarily reflecting the transformer outage whereby on 29 January 2021, a fault was identified on the Huntstown 2 main generator transformer which resulted in the plant not being available to the market. A new replacement transformer was procured and successfully installed and commissioned and the plant returned to service on 23 October 2021. In March 2022 the amount payable under the Group's property damage and business interruption insurance policy was agreed with the insurer which resulted in a €49.5m claim being recognised in the year (€29.6m recognised

in the Flexible Generation business and €19.9m recognised in the Customer Solutions business). At 31 March 2022, interim payments totalling €17.5m of the claim had been received with remaining proceeds of €32.0m expected in the First Half 2023.

Huntstown 1 unconstrained utilisation was 65.5% (2021 – 68.4%). Huntstown 2 unconstrained utilisation was 44.0% (2021 – 54.7%).

The incremental impact of constrained utilisation for Huntstown 1 was 0.9% constrained on (2021 – 2.6% constrained off). The incremental impact of constrained utilisation for Huntstown 2 was 0.4% constrained off (2021 – 6.2%).

## Capacity auctions

The Huntstown plants both have Local Reserve Service Agreements (LRSA) in place to 30 September 2022 and the plants also bid into the competitive capacity auctions. The reliability options awarded to the Huntstown plants for the next four capacity years is summarised as follows:

Capacity Year	Auction	Clearing Price	Reliability Option Awarded	
			Huntstown 1	Huntstown 2
2022/23	T-4 (Mar 19)	€46,150/MW	–	✓
2022/23	T-1 (Dec 21)	€46,150/MW	✓	–
2023/24	T-4 (Apr 20)	€46,149/MW	✓	✓
2024/25	T-4 (Jan 21)	€47,820/MW	✓	✓
2025/26	T-4 (Mar 22)	€46,000/MW	✓	✓

Final auction results for the T-1 auction for the 2022/23 capacity year were confirmed on 10 December 2021. The final results confirmed that Huntstown 1 had been awarded a reliability option for the 2022/23 capacity year. The auction clearing price was €46,150/MW. The Group's 50MW battery storage project in Belfast was also successful in the auction and was awarded a reliability option for the 2022/23 capacity year at €46,150/MW.

Final auction results for the T-4 auction for the 2025/26 capacity year were confirmed on 6 May 2022. The final results confirmed that both Huntstown plants and the Group's 50MW battery storage project in Belfast had been awarded a reliability option for the 2025/26 capacity year. The auction clearing price was €46,000/MW.

## Data centre

The Group is progressing the development of a proposed data centre at its Huntstown campus in Dublin adjacent to the CCGT plants. The proposed data centre has a grid connection offer and the Group has completed the

acquisition of the lands necessary for the site. In April 2022 planning consent for the proposed data centre was received from Fingal County Council however, in May 2022, the decision was appealed and the planning application will now be considered by An Bord Pleanála. The existing Huntstown CCGTs will continue to supply electricity to the national grid, while the data centre will be sustainably managed and net zero carbon operation of the facility is intended to be achieved through the Group's investment in new renewable electricity generation projects.

## Storage

The Group entered into an EPC contract and commenced construction works for its 50MW battery storage project in Belfast. Construction progressed well during the year and in April 2022 the grid connection was energised and the batteries arrived on site. It is targeted to complete construction and commissioning of the project by the Third Quarter 2023.



## Outlook

The Group continues to assess a number of flexible generation, energy storage and behind the meter projects in line with its strategy to grow the business in a manner which supports its renewable asset portfolio and product offerings to customers.



The Group's 50MW battery storage project in Belfast under construction



## Customer Solutions

### Overview

The Group's Customer Solutions business operates under the Energia and Power NI brands.



Energia supplies electricity and natural gas to business and residential customers in the RoI.



Power NI is the regulated electricity supplier in NI and supplies electricity to business and residential customers.

### Financial performance

	2022 €m	2021 €m
EBITDA <sup>1</sup>	(115.4)	65.5
Net capital expenditure	12.7	15.1

<sup>1</sup> Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.

Customer Solutions EBITDA decreased to €115.4m loss (2021 - €65.5m profit) primarily reflecting lower Energia electricity and gas margins (reflecting higher commodity and energy prices (from which the Renewables and Flexible Generation businesses have benefitted)) partly offset by the recognition of the business interruption insurance claim (outlined above in respect of the impact of the Huntstown 2 transformer outage), lower Power

NI non-residential electricity margins (reflecting higher commodity and energy prices) and higher operating costs including an increase in expected credit loss (ECL) provisions as a result of higher commodity prices increasing customer bills.

Net capital expenditure decreased to €12.7m (2021 - €15.1m) primarily reflecting lower expenditure in respect of IT projects.

## Operational performance

KPIs	2022	2021
<b>Customer sites (number)</b>		
<b>RoI</b>		
- Residential electricity	197,000	204,200
- Residential gas	68,100	72,600
	<b>265,100</b>	<b>276,800</b>
- Non-residential electricity	48,000	49,400
- Non-residential gas	3,500	3,800
	<b>51,500</b>	<b>53,200</b>
<b>Total RoI</b>	<b>316,600</b>	<b>330,000</b>
<b>NI</b>		
- Residential electricity	465,700	452,700
- Non-residential electricity	38,700	41,200
<b>Total NI</b>	<b>504,400</b>	<b>493,900</b>
<b>Energy sales*</b>		
<b>RoI</b>		
- Electricity sales (TWh)	5.0	4.3
- Gas sales (million therms)	91.2	93.4
<b>NI</b>		
- Electricity sales (TWh)	2.8	3.0
<b>Complaints (number)</b>		
Complaints to the CRU in the RoI	5	5
Complaints to the CCNI in NI	1	2

\* Sales volumes include estimates for non-half hourly metered customers.

Residential electricity and gas customer sites in the RoI decreased to 265,100 at 31 March 2022 (2021 – 276,800).

Non-residential electricity customer sites in the RoI were 48,000 at 31 March 2022 (2021 – 49,400). Non-residential gas customer sites in the RoI were 3,500 at 31 March 2022 (2021 – 3,800).

Residential customer numbers in NI were 465,700 at 31 March 2022 (2021 – 452,700). Non-residential customer numbers in NI were 38,700 at 31 March 2022 (2021 – 41,200).

Total electricity sales volumes in the RoI were 5.0TWh (2021 – 4.3TWh) and in NI were 2.8TWh (2021 – 3.0TWh). RoI gas sales volumes were 91.2m therms (2021 – 93.4m therms).

During the year, the Group received five (2021 – five) complaints which were referred to the CRU and one (2021 – two) complaint which was referred to the CCNI. The number of complaints continues to compare favourably with best practice in Great Britain and represents best practice in the NI residential electricity supply market.

### **Tariffs and wholesale prices**

In response to higher wholesale costs outlined previously, both Energia and Power NI increased tariffs during the year and in March 2022 Energia announced electricity and gas increases of 15% effective from 25 April 2022 and in May 2022 Power NI announced an increase of 27.5% in its electricity tariff to be effective from 1 July 2022.

Both Energia and Power NI will continue to monitor wholesale prices and their implications for tariffs going forward.

### **Hedging**

Energia and Power NI have hedging policies to hedge their exposure to changes in the price of I-SEM power in line with retail electricity sales contracts. Further detail on hedging strategy is provided in the 'Wholesale electricity price' risk within the Risk Management and Principal Risks and Uncertainties of the Annual Report. The Group considers that its hedging strategy was effective during the year and continues to be so in the period since 31 March 2022. EBITDA performance for the Customer Solutions segment was negative for FY22, due to the Group not having an explicit CfD between the Huntstown plants and the Customer Solutions businesses and due to the segmental presentation of the Renewable PPAs (which are specifically attributable to the Customer Solutions businesses). However, the Flexible Generation segment benefits when power prices increase more than the movements in the gas and carbon proxy hedge prices and the Renewables segment benefits from higher wholesale electricity prices as the PPAs are directly attributable to that segment.

## Customer Solutions Positive Energy Programme

As part of the Positive Energy Programme, Customer Solutions continues to build new capabilities and products that will allow customers to transform how they use and generate energy in a way that has a positive and sustainable impact on the environment. Its emerging eco-system of intelligent, connected and customer focused technologies gives customers control over how they buy, use and generate their energy.

## Customer engagement and experience

Digitalisation continues to be a priority and during the year the Group embarked upon the development of a Digital IQ platform. Digital IQ is the Group's as a service platform accelerating the shift to zero carbon. From advanced billing to smart electric vehicle charging, the Digital IQ platform will empower the Group to provide a more efficient and personalised service to its customers. This real-time cloud platform will transform the Customer Solutions business by helping reduce cost to serve, boosting customer engagement and enabling decarbonisation through smart, low carbon energy technologies.

Energia has also successfully onboarded smart meter customers in the RoI and work is ongoing to provide such customers with a greater range of smart advanced tariffs underpinned by smart metering infrastructure. Work is underway in preparation for the Clean Export Guarantee for customers with on-site microgeneration, bringing Energia into line with Power NI in offering residential and SME customers payment for their surplus renewable generation.

Customer Engagement continues to be developed through a series of new and developing products.

These products include:

- Smart Home Store featuring product and installation services for Google and Netatmo smart thermostats and doorbells, residential EV charge points and home security systems;
- Keypad Plus is a bluetooth enabled meter top up system being trialled in our NI residential prepayment market, now with over 15,000 customers;
- Real time data solution products have been developed for both residential and commercial markets e.g. Connect360, an Internet of Things (IOT) data-driven energy and environmental monitoring solution aimed at commercial customers. Self-installed wireless hardware measures previously unmeasured areas of underperformance and inefficiency, which can be viewed easily within a personalised portal; and
- Our Lighting as a Service solutions offering has been extended beyond Energia to include our Power NI customers.

## Prosumer and energy efficiency

In meeting its energy efficiency obligation commitments, the Group continues to facilitate the installation of a range of energy saving measures across the RoI and NI including programmes for homes and innovative solutions for businesses.

In partnership with House to Home, Energia offers a one stop shop for RoI residential customers to achieve energy efficiency retro fit solutions for their homes, with finance solutions available through our finance partner, the Credit Unions of Ireland.



Power NI continues to partner with Ulster University and Northern Ireland Housing Executive (NIHE) on a collaborative project called Rural-Led Energy Transition (RULET). The project aims to ensure social housing is included in the transition to clean, smart integrated energy systems. The trial explores the use of hybrid heat pumps and thermal storage technology (heat batteries) as viable options supported by an agile 'overnight' tariff which seeks to share benefits of utilising cheaper, renewable electricity.

## E-mobility

With both RoI and UK Governments committing to a renewable transport transition, our work in this sector continues to progress with the development of electric vehicle consumer product offers and innovative public charging solutions.

Within Customer Solutions, across both Energia and Power NI, new EV tariffs and ChargePoint installation bundles have been rolled out to customers and digital solutions for energy charge optimisation and engagement features continue to be developed.

Energia has also built upon strengthening relationships with car dealers and has agreements with a range of manufacturer dealerships to offer renewable energy supply and an EV home charging solution, with a similar program also being rolled out for Power NI customers.

In partnership with Char.gy, Energia is trialling EV lamp post charging infrastructure with a number of county councils in RoI.

## Outlook

The Group continues to progress its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy. Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space.



A Customer Solutions team member volunteering at a local food bank

# **SUMMARY OF FINANCIAL PERFORMANCE**



# SUMMARY OF FINANCIAL PERFORMANCE

## Revenue

Revenue from continuing operations increased to €3,221.7m (2021 - €1,899.1m).

The breakdown by business is as follows:

Year to 31 March	2022 €m	2021 €m
Renewables	401.9	237.9
Flexible Generation (based on regulated entitlement)	989.5	377.6
Customer Solutions (based on regulated entitlement)	1,780.1	1,254.7
Adjustment for over-recovery	35.5	34.4
Inter business elimination	14.7	(5.5)
<b>Total revenue from continuing operations</b>	<b>3,221.7</b>	<b>1,899.1</b>

Revenue from the Renewables business increased to €401.9m (2021 - €237.9m) primarily reflecting higher energy prices, higher ROC sales and the full year benefit of the Derrysallagh wind farm which was commissioned in July 2020 (2021 – 9 months) partly offset by lower volumes.

Flexible Generation revenue increased to €989.5m (2021 - €377.6m) primarily reflecting higher Huntstown 1 revenue driven by higher availability and energy prices, together with higher utilisation and energy prices achieved by the Ballylumford plant under contract with PPB and higher Huntstown 2 revenue reflecting higher energy prices when the plant returned to service from its transformer outage on 23 October 2021 partly offset by the zero availability impact of Huntstown 2 up to its return to service on 23 October 2021.

Customer Solutions revenue increased to €1,780.1m (2021 - €1,254.7m) primarily due to higher non-residential electricity revenue (reflecting higher volumes and prices partly offset by lower customer numbers), higher non-residential and residential gas revenue (reflecting higher prices partly offset by lower volumes and customer numbers) and higher residential electricity revenue (reflecting higher tariffs for Energia and Power NI, higher customer numbers for Power NI and higher Energia volumes).

During the year the regulated businesses of Power NI and PPB combined over-recovered against their regulated entitlement by €35.5m (2021 – €34.4m) and at 31 March 2022 the cumulative over-recovery against regulated entitlement was €67.7m. The over-recovery of regulated entitlement reflects the phasing of tariffs.



## Other income

The following table shows other income by business:

Year to 31 March	2022 €m	2021 €m
Flexible Generation	29.6	-
Customer Solutions	19.9	-
<b>Total other income</b>	<b>49.5</b>	<b>-</b>

Other income of €49.5m relates to the recognition of insurance proceeds as a result of the property damage and business interruption

claim following the failure of the Huntstown 2 transformer described above.

## Operating costs

Operating costs (pre-exceptional items and certain remeasurements and excluding depreciation) increased to €3,035.5m (2021 - €1,670.6m). The breakdown is as follows:

Year to 31 March	2022 €m	2021 €m
Energy costs	2,873.8	1,539.5
Employee costs	52.4	46.5
Other operating charges	109.3	84.6
<b>Total pre-exceptional items and certain remeasurements</b>	<b>3,035.5</b>	<b>1,670.6</b>

Energy costs increased to €2,873.8m (2021 - €1,539.5m) primarily reflecting higher energy prices, higher availability of Huntstown 1, higher utilisation of the Ballylumford plant, higher non-residential and residential electricity sales volumes and higher ROC costs (associated with higher sales volumes) partly offset by lower availability of Huntstown 2 and lower non-residential and residential gas sales volumes.

Employee costs increased to €52.4m (2021 - €46.5m) reflecting an increase in staff numbers associated with the underlying growth of the Group's businesses including future development projects being undertaken.

Other operating charges increased to €109.3m (2021 - €84.6m) primarily reflecting higher Customer Solutions operating costs including an increase to ECL provisions as a result of higher commodity prices increasing customer bills and higher operating costs for the Renewables businesses including increased development costs partly offset by lower operating costs for the Flexible Generation businesses primarily due to lower operating and maintenance costs for Huntstown 1 (prior year Huntstown 1 had a major outage).

## Group EBITDA

The following table shows the Group pro-forma EBITDA (pre-exceptional items and certain remeasurements) by business:

Year to 31 March	2022 €m	2021 €m
Renewables	211.5	66.9
Flexible Generation	104.0	61.7
Customer Solutions	(115.4)	65.5
<b>Group pro-forma EBITDA</b>	<b>200.1</b>	<b>194.1</b>
Over - recovery of regulated entitlement	35.5	34.4
<b>EBITDA</b>	<b>235.6</b>	<b>228.5</b>

All of the above amounts are pre-exceptional items and certain remeasurements as shown in note 4 to the accounts.

Group pro-forma EBITDA (pre-exceptional items and certain remeasurements) increased to €200.1m (2021 – €194.1m) primarily reflecting an increase in EBITDA in the Renewables and Flexible Generation businesses partly offset by a reduction in the Customer Solutions business.

Renewables EBITDA was €211.5m (2021 – €66.9m) primarily reflecting higher contributions from the renewable PPAs (due to higher energy prices achieved partly offset by lower wind volumes) and higher wind generation assets EBITDA (reflecting higher prices for NI assets, the full year impact of the Derrysallagh wind farm which was commissioned July 2020 partly offset by lower wind volumes) partly offset by increased costs of development projects.

Flexible Generation EBITDA increased to €104.0m (2021 – €61.7m) primarily reflecting higher Huntstown 1 margins due to higher availability (prior year Huntstown 1 had a major outage) and higher prices (reflecting higher commodity prices and lower availability of other

thermal plants and lower wind generation) together with the recognition of the property damage and business interruption insurance claim for Huntstown 2 (as outlined above) and higher Huntstown 2 margins post its return to service on 23 October 2021 partly offset by the zero availability impact of Huntstown 2 up to its return to service on 23 October 2021.

Customer Solutions EBITDA decreased to €115.4m loss (2021 – €65.5m profit) primarily reflecting lower Energia electricity and gas margins (reflecting higher commodity and energy prices (from which the Renewables and Flexible Generation businesses have benefitted)) partly offset by the recognition of the business interruption insurance claim (outlined above in respect of the impact of the Huntstown 2 transformer outage), lower Power NI non-residential electricity margins (reflecting higher commodity and energy prices) and higher operating costs including an increase in ECL provisions as a result of higher commodity prices increasing customer bills.

## Depreciation and amortisation

The Group's depreciation and amortisation (pre-exceptional items and certain remeasurements) by business is summarised as follows:

Year to 31 March	2022 €m	2021 €m
Renewables	30.0	28.0
Flexible Generation	10.6	8.9
Customer Solutions	17.0	12.9
<b>Total depreciation and amortisation</b>	<b>57.6</b>	<b>49.8</b>

Depreciation and amortisation (pre-exceptional items and certain remeasurements) increased to €57.6m (2021 - €49.8m) primarily reflecting higher depreciation in Customer Solutions businesses (associated with depreciation of IT systems), higher depreciation in the Renewables

business (associated with the full year impact of the Derrysallagh wind farm commissioned July 2020) and higher depreciation in the Flexible Generation business (associated with the transformer together with the rotor (capitalised in the prior year) for Huntstown 2).

## Group pro-forma operating profit

The Group's pro-forma operating profit by business is summarised as follows:

Year to 31 March	2022 €m	2021 €m
Renewables	181.5	38.9
Flexible Generation	93.4	52.8
Customer Solutions	(132.4)	52.6
<b>Total Operating Profit</b>	<b>142.5</b>	<b>144.3</b>

Group pro-forma operating profit (pre-exceptional items and certain remeasurements) decreased to €142.5m (2021 - €144.3m) primarily reflecting lower operating profit

in the Customer Solutions business partly offset by higher operating profit in the Renewables and Flexible Generation businesses.

## Exceptional items and certain remeasurements

Exceptional items and certain remeasurements were a €7.3m credit (2021 - €7.3m). The breakdown by business is as follows:

Year to 31 March	2022 €m	2021 €m
Renewables	(27.9)	0.2
Flexible Generation	30.0	0.1
Customer Solutions	5.2	7.0
<b>Total Exceptional Items and Certain Remeasurements</b>	<b>7.3</b>	<b>7.3</b>

Exceptional items in the Renewables business include an impairment of property, plant and equipment of the Huntstown bioenergy plant of €23.9m (2021 - €nil), €4.0m cost (2021 - €0.9m credit) reflecting certain remeasurements relating to the recognition of the fair value of derivatives and exceptional acquisition costs of €1.1m (2021 - €0.4m) partly offset by a fair value adjustment to contingent consideration of €1.1m credit (2021 - €1.5m).

Exceptional items in the Flexible Generation business include a partial reversal of an impairment taken in 2018 in respect of the Huntstown 2 property, plant and equipment which has resulted in a credit of €30.0m (2021 - €nil) and exceptional acquisition costs €nil (2021 - €0.1m credit).

Exceptional items in the Customer Solutions business were a €5.2m credit (2021 - €7.0m) reflecting certain remeasurements relating to the recognition of the fair value of derivatives.

Further information is outlined in note 7 to the accounts.

## Net finance costs

Net finance costs (pre-exceptional items and certain remeasurements) increased from €50.0m to €50.8m.

## Tax charge

The total tax charge (pre-exceptional items and certain remeasurements) was €22.0m (2021 - €17.5m). A detailed analysis of the tax charge is outlined in note 11 to the accounts.

## Cash flow before acquisitions, disposals, interest and tax

Group cash flow before acquisitions, disposals, interest and tax of continuing operations is summarised as follows:

Year to 31 March	2022 €m	2021 €m
<b>Group pro-forma EBITDA<sup>1</sup></b>	<b>200.1</b>	<b>194.1</b>
Defined benefit pension charge less contributions paid	(1.6)	(1.6)
Net movement in security deposits	(30.8)	(0.2)
Changes in working capital <sup>2</sup>	155.5	(109.9)
Over recovery of regulated entitlement	35.5	34.4
Exceptional items	(1.1)	(0.3)
Foreign exchange translation	(0.2)	(4.2)
Share based payment	0.1	0.1
<b>Pro-forma cash flow from operating activities</b>	<b>357.5</b>	<b>112.4</b>
<b>Net capital expenditure<sup>3</sup></b>	<b>(66.5)</b>	<b>(39.5)</b>
<b>Cash flow before acquisitions, disposals, interest and tax</b>	<b>291.0</b>	<b>72.9</b>

<sup>1</sup> Includes EBITDA of unrestricted investments of €79.1m (2021 - €43.9m).

<sup>2</sup> Includes changes in working capital of unrestricted investments of €8.7m increase (2021 - €0.6m decrease). Changes in working capital equals increase in inventories €0.2m (2021 - €1.8m), increase in trade and other receivables €188.9m (2021 - €45.0m), increase in trade and other payables €331.1m (2021 - €47.3m decrease) and net proceeds from the sale and purchases of other intangibles of €13.5m (2021 - €15.8m net expenditure).

<sup>3</sup> Includes capital expenditure on unrestricted investments of €14.7m (2021 - €17.2m) and intangible asset (software and customer acquisition costs) expenditure of €11.6m (2021 - €13.9m). Net capital expenditure equals purchase of property, plant and equipment €54.9m (2021 - €25.6m) and purchase of intangible assets €227.2m (2021 - €197.0m) less proceeds from sale of intangible assets €229.1m (2021 - €167.3m) and net proceeds from the sale and purchases of other intangibles of €13.5m (2021 - €15.8m net expenditure).

Group cash flow from operating activities increased to €357.5m (2021 - €112.4m) primarily reflecting a decrease in working capital of €155.5m (2021 - €109.9m increase) partly offset by an increase in security deposits.

### Net movement in security deposits

The net movement in security deposits was a €30.8m increase (2021 - €0.2m). There were €42.1m of security deposits in place at 31 March 2022 reflecting the impact of high commodity prices on collateral requirements (2021 - €11.3m).

### Changes in working capital

Working capital decreased by €155.5m (2021 - €109.9m increase) primarily reflecting an increase in trade and other payables (reflecting higher prices, an increase in the Renewable Energy Feed-In Tariff (REFIT) creditor (previously debtor) for Renewables PPAs resulting from higher prices, a decrease in ROC assets held, a net increase in emissions

liabilities/assets (driven by higher prices and volumes), partly offset by an increase in trade and other receivables (reflecting higher prices, an increase in hedge debtors (partly offset by early settlement of some hedges when gas prices peaked in March) together with amounts outstanding for the property damage and business interruption insurance claim (described above)).

### Over recovery of regulated entitlement

As noted previously the regulated businesses of Power NI and PPB combined over-recovered against their regulated entitlement by €35.5m (2021 - €34.4m) and at 31 March 2022 the cumulative over-recovery against regulated entitlement was €67.7m. The over-recovery of regulated entitlement reflects the phasing of tariffs.



## Net capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets

increased to €66.5m (2021 - €39.5m).  
The breakdown by business is as follows:

Year to 31 March	2022 €m	2021 €m
Renewables	14.7	17.2
Flexible Generation	39.1	7.2
Customer Solutions	12.7	15.1
<b>Net Capital Expenditure</b>	<b>66.5</b>	<b>39.5</b>

Renewables capital expenditure decreased to €14.7m (2021 - €17.2m) primarily due to lower capital expenditure in respect of development projects.

Flexible Generation capital expenditure increased to €39.1m (2021 - €7.2m) primarily reflecting capital expenditure in respect of the 50MW battery storage project in NI, the replacement transformer for Huntstown 2 (for which insurance proceeds are reflected in the Income Statement), together with initial expenditure on the data centre primarily in respect of the purchase of land. Customer Solutions capital expenditure decreased to €12.7m (2021 - €15.1m) primarily reflecting lower expenditure in respect of IT projects.

## Other cash flows

### Net interest paid

Net interest paid (excluding exceptional finance costs) was €43.1m (2021 - €42.3m).

### Acquisition of subsidiary undertakings

Acquisition of subsidiary undertakings of €28.0m (2021 - €0.1m) reflects the acquisition of Drumlins and Ballylongford as discussed further in note 15.

### Dividends

On 2 November 2021 the Board approved the payment of a €40.0m dividend to the parent undertaking which was subsequently paid on 5 November 2021 (2021 - €40.0m).

## Net debt

The Group's net debt is summarised in the following table:

Year to 31 March	2022 €m	2021 €m
Investments	1.4	1.4
Cash and cash equivalents	420.9	216.5
Senior secured notes	(611.5)	(607.5)
Senior revolving credit facility	(59.3)	-
Project finance facilities	(333.6)	(353.3)
Interest accruals	(2.1)	(1.9)
<b>Total net debt</b>	<b>(584.2)</b>	<b>(744.8)</b>

The Group's net debt decreased by €160.6m from €744.8m at 31 March 2021 to €584.2m at 31 March 2022 primarily reflecting higher cash and cash equivalents and lower project financed facilities partly offset by a €59.3m cash drawing on the revolving credit facility. Net debt at 31 March 2022 includes project finance net debt of €280.6m (2021 - €315.5m). Excluding project financed net debt, net debt was €303.6m (2021 - €429.3m).

### Defined benefit pension surplus

The pension surplus in the Group's defined benefit scheme under International Accounting Standard (IAS) 19 was €5.1m at 31 March 2022 (2021 - €0.1m liability).

The last actuarial valuation of the Group's UK pension scheme, Energia Group NI Pension Scheme (EGNIPS), was at 31 March 2021, the outcome of which was agreed with the trustees in March 2022. Under the terms of the recovery plan agreed with the trustees, the Group will make good the €7.6m funding shortfall through annual deficit repair contributions of €1.5m for five years to 31 March 2026 followed by €0.5m in the year ending 31 March 2027. The first annual deficit repair contribution made under the recovery plan was paid in the year ended 31 March 2022.

### Outlook

Throughout the past year, the commodity markets for gas and carbon experienced sustained periods of volatile and increasing prices and the higher gas and carbon prices resulted in higher I-SEM market prices for electricity. High commodity prices have continued to be experienced since 31 March 2022 and are expected to remain highly volatile in the short to medium term.

While the Group is vertically integrated, the extreme volatility is expected to continue to impact segmental financial performance. It is expected that the benefit of higher I-SEM market prices to the Group's Renewables and Flexible Generation businesses is offset by the negative impact of higher prices on the Group's Customer Solutions businesses to the extent that such higher prices are not recovered through tariffs. Furthermore, higher commodity prices are expected to continue to impact liquidity and result in an increased requirement to post collateral to the I-SEM market and with the Group's gas supply counterparties.

In addition, there is potential increased uncertainty over the recoverability of trade receivables (in particular for the Customer Solutions business) however, the Group has further increased its provisions for expected credit losses reflecting the impact of increased commodities on customer bills.

The Group continues to have strong liquidity at 31 March 2022 (with €367.9m cash and cash equivalents excluding project finance cash (31 March 2021 - €178.6m)) and has undrawn committed revolving credit facilities of €109.0m (31 March 2021 - €109.2m). In March 2022, with the consent of its lenders, the Group increased the Senior revolving credit facility to £305m (previously £225m) and extended the maturity to June 2024 (previously September 2023) and therefore is well positioned to manage the current trading environment of higher commodity and I-SEM market prices.

# MARKET STRUCTURE





# MARKET STRUCTURE

## SINGLE ELECTRICITY MARKET

The Integrated Single Electricity Market (I-SEM) was introduced on 1 October 2018 and was designed to integrate the all-island electricity market with European electricity markets, making optimal use of cross-border interconnectors through a single marketplace and common rules. The trading arrangements comprise a Day Ahead Market, Intra-Day Market and Balancing Market and there is also an auction-based capacity market.

The auction-based capacity mechanism awards capacity contracts and imposes reliability penalties on the holders of capacity contracts if they do not provide the contracted capacity when market prices exceed the Reliability Option Strike Price. The Northern Ireland Protocol protects the continued operation of the I-SEM market post Brexit. However, from 1 January 2021 the framework for electricity trading across interconnectors between Ireland and Great Britain changed and these two interconnectors are no longer able to participate in the EU single day-ahead market. Implicit intra-day fallback arrangements are currently in operation until replaced by new day-ahead trading arrangements for EU-UK interconnectors.

The I-SEM is jointly regulated by the CRU in the RoI and the UR in NI. The decision-making body which governs the market is the SEM Committee (SEMC).

## REPUBLIC OF IRELAND

### Regulators

Overall policy responsibility for the energy sector lies with the Minister for Communications, Climate Action and Environment ('the Minister'). In this capacity, the Minister is advised by the Department of the Environment, Climate and Communications (DECC) and other statutory bodies including the CRU and the Sustainable Energy Authority of Ireland (SEAI).

The principal objective of CRU in carrying out its functions in relation to energy is to protect the interests of energy consumers, wherever appropriate, by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity and the transportation and supply of natural gas. CRU has a duty to carry out its functions in a manner which does not discriminate between market participants.

### Transmission & Distribution network ownership and operation

Electricity Supply Board (ESB) is the incumbent electricity utility in the RoI and its network functions are ring-fenced from its generation and supply interests. EirGrid is the independent Transmission System Operator (TSO) and also owns the East/West Interconnector.

## Renewable energy

The RoI Government has a target to achieve 80% of Ireland's electricity supply to be generated from renewables by 2030.

Up until December 2019 the Government's support mechanism, REFIT, encouraged renewable generation in the RoI with suppliers and renewable energy generators entering into a PPA for a minimum of 15 years. In return for entering into the PPA, the supplier receives a supplier balancing payment equal to 15% of the base REFIT tariff for large scale wind. The supplier is also entitled to compensation if the market price of electricity falls below the REFIT tariff. The REFIT scheme is now closed.

The RoI Government has since introduced the Renewable Electricity Support Scheme (RESS) to provide support to renewable electricity projects and help deliver renewable electricity policy to 2030. The scheme design is auction-based with auctions to be held at frequent intervals throughout the lifetime of the scheme. The first auction was held in July 2020 and final auction results were confirmed on 10 September 2020. The second onshore RESS auction was held in May 2022 with provisional results published on 20 May 2022 and final results expected to be confirmed in June 2022.

The RoI Government's Climate Action Plan published in 2021 includes a 5.0GW offshore wind target for 2030. The first offshore RESS is expected to open for prequalification in 2022 with an auction to be held in the last quarter of 2022.

## NORTHERN IRELAND

### Regulators

The UR and the Department for the Economy (DfE) are the principal regulators. Each is given specific powers, duties and functions under the relevant legislation.

The principal objective of both the UR and DfE in carrying out their functions in relation to electricity is to protect the interests of consumers of electricity, wherever appropriate, by promoting effective competition between those engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity.

### Transmission & Distribution network ownership and operation

Northern Ireland Electricity Networks (NIEN) owns the transmission and distribution networks in NI and the System Operator for NI is the independent TSO.

### Price controls

Power NI and PPB are subject to price controls, defined in formulae set out in Power NI Energy's licence, which limit the revenues they may earn and the prices they may charge. The principles of price regulation employed in the relevant licence conditions reflect the general duties of the UR and DfE under the relevant legislation. These include having regard to the need to ensure that licensees are able to finance their authorised activities.

If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor operates in the following year to give back any surplus with interest, or to recover any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery.

### Renewable energy

The Northern Ireland Assembly had previously set a target of sourcing 40% of NI's electricity from renewable sources by 2020. In December 2021, the Northern Ireland Executive published a new 'Energy Strategy – Pathway to Net Zero' which aims to decarbonise the NI energy sector by 2050 at least cost to the consumer. The strategy includes a target of at least 70% electricity consumption from a diverse mix of renewable sources by 2030.

The United Kingdom (UK) Renewable Obligation (RO) scheme applies in NI to projects developed pre December 2018. The RO scheme is designed to incentivise the generation of electricity from renewable sources. The scheme places an obligation on suppliers to source a portion of their electricity from renewable sources. Under the RO scheme, eligible renewable generators receive ROCs for each MWh of electricity generated. ROCs are freely tradeable and can be sold to suppliers in order to fulfil their obligation. Suppliers can either present ROCs to cover their obligation or pay a buy-out fee for any shortfall. All proceeds from buy-out fees are recycled to the holders of ROCs.

The RO and NIRO schemes are now closed. ROC benefit rights will be grandfathered to projects that accredit under the NIRO following its closure. Generation accrediting under the NIRO will receive full support under the RO until 2037. From 2027 fixed price certificates will be issued, in place of ROCs, to projects qualifying for RO support until the end of the RO mechanism in 2037. Fixed price certificates will be set at the 2027 buy-out price, plus 10% and will be inflation linked.

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# **RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES**



# RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates a structured and disciplined approach to the management of risk. Its approach is to conduct business in a manner which balances costs and risks while taking account of all its stakeholders and protecting the Group's performance and reputation by prudently managing the risks inherent in the businesses. Management regularly identifies and considers the risks to which the businesses are exposed. Management's assessment of the key risks and the associated controls and actions required to mitigate these risks are recorded in business risk registers. Each risk is regularly assessed for the severity of its impact on the business and for the effectiveness of the controls in place. The risk environment is reviewed continually in order to identify new or emerging potential risks.

The Group's Audit Committee, which meets quarterly, plays a key role in internal control and risk management. The Audit Committee monitors the Group's financial reporting processes and the effectiveness of the internal control and risk management systems; reviews and appraises the activities of the internal and external auditors; and provides an open channel of communication among the internal and external auditors, senior management and the Board.

The Group's Risk Management Committee (RMC) comprises a number of senior managers from across the Group and meets bi-monthly to oversee

the management of risks and ensure that adequate and timely action is taken to mitigate and manage risk. The RMC reviews individual business and functional risk registers and reports to the Audit Committee on a quarterly basis.

The emphasis on sound management structures and policies and procedures is backed up by operational and financial review mechanisms and an externally resourced internal audit function.

The Director acknowledges that he has responsibility for the Group's systems of internal control and risk management and monitoring their effectiveness. The purpose of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Group. No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the Director has regard to those specific controls, which in his judgement, are appropriate to the Group's business given the relative costs and benefits of implementing them.

The principal risks and uncertainties that affect the Group are described below but are not intended to be an exhaustive analysis of all the risks that may arise in the ordinary course of business or otherwise.

## Competition in generation and supply of electricity

There is a risk that increased competition in generation and supply will reduce margins. Under the I-SEM there are multiple opportunities to trade electricity. Most electricity is traded through a Day Ahead Market where a single day ahead price for each hour, determined by the day ahead price coupling solution used across Europe, is received by all generators with a market position. Capacity payments are quantity-based in the form of “reliability options” and issued through a competitive auction process. The commissioning of new generating capacity may reduce the System Marginal Price (SMP) and may lead to increased competition in the capacity auction process resulting in lower capacity payments, subject to the impact of plant retirements and overall levels of demand.

Following the outcome of the first transitional capacity auction, which covered the 2018/19 capacity year (1 October 2018 to 30 September 2019), when Huntstown 1 had been awarded a reliability option contract but Huntstown 2 had not been awarded such a contract, the Group reached agreement with EirGrid and CRU and entered into LRSAs for the Huntstown plants. The LRSAs covering the four-year period to 30 September 2022 ensure that the Huntstown plants continue to be available to meet security of supply in the Dublin area whilst providing sufficient remuneration to the plants for services being provided in the I-SEM market. Both Huntstown plants continue to bid in the competitive capacity auctions and both have reliability options awarded for the next four capacity years (as summarised within the Flexible Generation operating review section).

The Group’s main competitors in the electricity supply markets in the RoI are Electric Ireland, Bord Gáis Energy, SSE Airtricity, PrePay Power, Panda Power and Pinergy. The main competitors in the electricity supply markets in NI are SSE Airtricity, Electric Ireland, Budget Energy, Go Power and Click Energy. Growing competition could adversely affect the Group’s retail market share and margins in both the residential and business sectors. Certain of the Group’s competitors may be able to offer lower prices or incentives that may attract customers away from the Group thereby reducing its market share, which in turn, may have a material adverse effect on margins achieved and delivery of the Group’s growth strategy.

## Wholesale electricity price

All electricity (with limited exceptions) bought and sold across the island of Ireland is traded through the I-SEM.

The I-SEM market trading arrangements, which comprise a Day Ahead Market, Intra-Day Market and Balancing Market, have experienced volatility since the market commenced on 1 October 2018 and the Group’s energy purchase and supply businesses remain exposed to energy price and volume resettlement risks. As at 31 March 2022 the market operator has resettled these markets up to December 2021 for M+4 resettlement and March 2021 for M+13 resettlement (the market is ordinarily resettled 4 months and 13 months after initial settlement). However, some system defects remain and further market fixes are required to be implemented. The Group is therefore exposed to potential price and volume resettlements in the balancing market ranging the full 42-month period from the commencement of the new market arrangements and therefore has estimated the level of resettlement that will be applied.

These estimates are based on known market anomalies as extensively discussed in industry forums and facts and circumstances known at the Balance Sheet date. Estimations are dependent on the resettlement approach taken by the market operator.

Throughout 2021, the commodity markets for gas and carbon experienced sustained periods of volatility and increasing prices which resulted in higher I-SEM market prices for electricity. Geopolitical circumstances caused further volatility in the wholesale commodity markets in early 2022, and continue to do so, resulting in I-SEM market prices for electricity remaining at consistently high levels.

The Group manages wholesale electricity price risk as follows:

Both Energia and Power NI have hedging policies to hedge their exposure to changes in the price of I-SEM power in line with retail electricity sales contracts. The strategy adopted varies by customer type and can be summarised as follows:

- LEU and large SME group customers (representing c.47% of total customer demand) are priced on variable tariffs and no specific hedging is undertaken unless a customer's specific request for a fixed price tariff is agreed to by Energia or Power NI. Where an LEU customer requests a fixed price, Energia and Power NI will provide a fixed price via the hedging of gas, carbon and GB power prices as a proxy for I-SEM power prices.
- Energia's SME customers' demand (representing c.14% of total customer demand) is aggregated and hedged monthly on a rolling basis. Power NI SME customers (representing c.4% of total customer demand) are priced on a pool pass-through basis.

- RoI residential customers' demand (representing c.13% of total customer demand) is aggregated and hedged monthly on a rolling basis. In respect of NI residential customers (representing c.22% of total customer demand), Power NI's price control allows it to pass through the costs of wholesale electricity subject to compliance with its economic purchasing obligation, which it discharges by hedging wholesale electricity prices in line with policies agreed with the UR.

Energia adopts a similar strategy for hedging its exposure to changes in the price of gas in line with retail gas sales contracts.

Furthermore, PPB is entitled to receive additional revenues from PSO charges to the extent that the revenue it receives from the I-SEM capacity and energy markets, CfDs and ancillary services is insufficient to cover its regulated entitlement.

The Group could be exposed to the fair value of hedges not being offset by customer demand in the event that Energia and Power NI experience an unexpected reduction in demand from their customer portfolios. Energia and Power NI could also be exposed to the risk of higher wholesale electricity prices in the event of significant outages of generation plant on the system.

The REFIT support mechanism provides Energia Customer Solutions RoI with a fixed floor price for its fixed price REFIT PPAs with renewable generators. Energia Group recognises revenues when received (in line with accounting policy) however REFIT is settled on an October – September basis and the REFIT reference price is compared to the average market price earned for that compliance year. The Group has benefitted from market prices cumulatively being above

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REFIT over the period October 2021 – March 2022 and there is a risk that if market prices reduce below the REFIT reference price in the period April 2022 – September 2022, revenue initially recognised in Financial Year 2022 (for the period October 2021 – March 2022) could be clawed back in Financial Year 2023.

### **Environmental, Social and Governance factors and climate change**

The Group has in place measures to protect against financial and reputational risk from any failure to manage Environmental, Social and Governance (ESG) factors. In general, ESG factors are managed through embedding ESG into the Group's management processes and core business activities. During the year the Group established a new ESG governance structure to ensure the continued development and implementation of the Group's ESG Strategy and assessment of climate risks and opportunities. Environmental risk, in particular, is managed through business risk registers; environmental action plans; certified environmental management systems; and identification of potential environmental exposures. Furthermore, the Group has been awarded Business in the Community's Business Working Responsibly Mark, an independently audited standard for Corporate Social Responsibility (CSR) and sustainability certification in Ireland.

There is increased pressure from Governments, investors and customers to commit to meaningful carbon reduction targets. Decarbonisation also presents opportunities for the Group through regulatory, technology and market related changes associated with the transition to a low carbon economy and in response, the Group has committed to target

a 50% reduction in the carbon intensity of its electricity generation by 2030 compared to FY20 levels through a number of measures which align with its strategy.

Through its ESG governance structure the Group will continue to monitor developments with policy, regulatory and legislation in the RoI and NI. However, there are a number of risks related to the transition to a low carbon economy which the Group will be required to manage. Policy risks include changes in Government climate policy that could impact the delivery of the Group's strategy of investing in renewable electricity generation projects and technology risks include technology and innovation not developing as expected and therefore impacting the delivery of strategy. Furthermore, there could be reputational risks to the Group from delays to the delivery of its strategy.

### **Huntstown CCGTs, bioenergy plant and wind farm availability**

Energia Group runs the risk of interruptions to the availability of its Huntstown 1 and 2 CCGTs, its bioenergy plant and its wind farms. Unscheduled interruptions to availability risks asset output performance levels.

For the Huntstown CCGTs, this risk is managed by having long-term maintenance agreements in place with the plants' Original Equipment Manufacturers (OEM), Siemens and Mitsubishi. Energia Group operates the plants to the manufacturers' guidelines within a suite of International Organization for Standardization (ISO) approved operation, maintenance and safety policies and procedures. The plant designs incorporate industry accepted levels of redundancy for critical plant components and

there is regular testing of back up services and standby equipment.

The availability of wind farm assets is managed through maintenance contracts with the original turbine manufacturers and third parties. The Group's Renewables Business is also certified to ISO 55001:2014 Asset Management in respect of its asset management system for renewable generation assets. ISO 55001:2014 is the international standard for asset management and associated life cycle engineering.

When the Huntstown bioenergy plant is fully commissioned, its operations and maintenance team, supported by specialist contractors where appropriate, will be responsible for the availability of the plant.

The Group holds appropriate property damage and business interruption insurance for its operational assets in line with good industry practice. However, there is a risk that such insurance may not cover all eventualities resulting in damage to an operational asset and the interruption caused.

## Health and safety

The Group is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees, contractors and third parties to the risk of injury, potential liability and/or loss of reputation. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents. These risks are closely managed by the Group through the employment of Health and Safety Managers, the use of the services of an external health and safety advisor, the promotion of a strong health and safety culture, training for staff and well-defined health, safety and environmental policies. COVID-19 pandemic

response procedures will be retained as long as necessary to ensure health and safety while on-site, while working from home and while in the office in line with government guidance. The Group's approach to health and safety issues is described more fully in the Responsible Business Report.

The Group is certified ISO 45001:2018 Occupational Health and Safety Management Standard and ISO 14001:2015 Environmental Management Standard by the National Standards Authority of Ireland (NSAI).

## Regulation and legislation

The markets in which the Group operates are subject to regulatory and legislative intervention at both domestic and EU level.

Energia Group is exposed to the impact of regulatory decisions and compliance with licence obligations as well as changes in legislation which impact its generation and supply activities as well as its development projects. Through its senior management, Energia Group maintains regular interaction with the UR, CRU, SEMC, DfE and DECC. A pro-active approach is taken to the Regulatory Authorities' (RAs) consultations on all I-SEM related matters.

The I-SEM market arrangements create risks to revenues from generation activities. The Capacity Remuneration Mechanism (CRM) operates through capacity auctions which award reliability options to successful bidders at the market clearing price. In addition, the Huntstown plants could be required to generate to relieve constraints and therefore participate in the balancing market. The market places restrictions on the costs generation plants can take into account when setting their bids in the balancing market. As noted above the Group has secured four year LRSAs for both Huntstown plants



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which provide clarity on the capacity income the plants can earn until expiry of these agreements on 30 September 2022. Although the LRSAs and the current capacity market arrangements have been in place since 1 October 2018, there could be a potential risk that the awarding of these contracts is subject to challenge or the European Commission's decision to approve state aid for the Irish capacity market could be subject to challenge.

Power NI and PPB are exposed to regulatory risk in respect of their price controls. The Group's approach to price control reviews is to be pro-active in promoting arrangements that will lead to an agreed outcome. This includes adherence to relevant precedent and best practice. There is regular reporting to the UR and DfE on a wide range of financial and other regulatory matters including licence compliance. PPB is also exposed to regulatory decisions in respect of its contracted generation capacity which could impact its business activities. Regulatory relationships are managed by senior management through frequent meetings, informal dialogue and formal correspondence.

In response to Russia's invasion of Ukraine the EU and the UK Government have imposed comprehensive trade restrictions on Russia as well as significantly expanding the existing sanctions against individuals and entities. The Group has adopted a policy on sanctions and continues to monitor developments in trade restrictions and sanctions in order to manage any potential future risks.

## **Brexit**

When the UK formally left the EU on 31 January 2020, it remained in the EU's single market and customs union until the EU-UK Trade and Cooperation Agreement (EU-UK TCA) became operational from 1 January 2021. Notwithstanding

the wider EU-UK TCA, the Northern Ireland Protocol, agreed as part of the Withdrawal Agreement, also came into force on 1 January 2021 to ensure that there would be no new checks on goods crossing the border between NI and the RoI. As a result of the Protocol, NI has in effect remained in the EU's Single Market for goods, while England, Scotland and Wales have left the EU's Single Market for goods. The Protocol also protects the continued operation of the I-SEM market, however the framework for electricity trading across interconnectors between Ireland and Great Britain has changed and these two interconnectors are no longer able to participate in the EU single day-ahead market. There is a risk that the UK Government may seek to change the Protocol or indeed suspend the agreement altogether by triggering Article 16 of the Protocol.

The Group will continue to monitor and manage the implications of new day-ahead trading arrangements for EU-UK interconnectors which are expected to be introduced in the future. Furthermore, the Group will continue to monitor the impact of Brexit and the Protocol on its supply chains and those of its suppliers in order to manage any potential future risks.

## **Development of generation assets**

Through the development of conventional and renewable generation assets, including new technologies, the Group is exposed to various risks including technical, commercial, contractor, planning, post development planning amendments, financing and economic risks. The post-COVID recovery and global supply chain shortages have the potential to disrupt the availability of contractors, equipment and supplies and there remains the ongoing potential for delays in obtaining project planning consents and permissions. Such risks could delay the

construction or delivery of onshore and offshore wind farms, bioenergy, conventional generation, solar, battery storage or hydrogen production projects or the commencement of commercial operations or adversely impact operational efficiency. Furthermore in light of the ongoing commissioning delays at the Huntstown bioenergy plant and in the absence of technical solutions there is a risk that the project finance subsidiary could default on the project finance bank loan facility. Experienced senior staff operate appropriate project management controls to manage the project risks with appropriate management reporting up to the Board.

### **Talent and the delivery of growth initiatives and IT projects**

The work from home response to the COVID-19 pandemic has resulted in employees in all industries looking for increasingly flexible working options in the future. People now also have more choice about the industry, company and location in which they wish to work and in some areas this has led to scarcity of skills in the market e.g. IT. While the Group has introduced a hybrid working model for office-based staff, future staffing strategies will need to be kept under review to ensure that they are sufficiently flexible and in line with evolving practices. This could introduce new risks which will be required to be managed. Increasing competitiveness in the market for talent has led to increasing salary and benefits inflation which in turn has increased the risk of attrition. While the Group has increased its focus on engagement and retention strategies, there is a risk that there could be a loss of talent from the Group.

As part of its strategy, the Group has identified a number of strategic planning and growth initiatives. The delivery of these initiatives and the transition to the new energy world requires the Group to have

a team of experienced senior staff and specialist staff resourcing with the appropriate skills and capabilities. Furthermore, as the Group evolves it may require staff with a broader range of skill sets. The Group also faces market-led initiatives that require significant investment in specialist staff resources in order to deliver complex IT projects required to operate in the market. The Group has a dedicated corporate development team in place responsible for the delivery of identified strategic objectives and an IT project management office to oversee the delivery of IT projects. There is a risk that the Group is unable to attract, develop and retain the staff necessary to ensure that it has the appropriate resourcing levels and capabilities to meet its strategic objectives.

### **Business continuity**

The Group has measures in place to manage the risk that one or more of its businesses sustains a greater than necessary financial impact through inability to carry on its operations either for a short or prolonged period. Geopolitical circumstances have resulted in volatility in the wholesale commodity markets. Furthermore as the EU responds with sanctions against Russia, there is a risk that there could be a shortage of gas in Europe which in turn could affect the flow of gas supplies to the UK and Ireland. Should the Governments of the UK or Ireland need to ration the supply of gas there is a risk that the Group's Huntstown 1 and 2 plants will not be able to generate due to gas not being available. In such a situation, the Huntstown 1 and 2 plants both have the ability to run on fuel oil as their secondary fuel source, however prolonged running on fuel oil is constrained by the capacity of fuel oil stored onsite and the rate at which the storage tanks can be refilled.

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The Group has business interruption insurance in place for both Huntstown 1 and 2 and the wind farm assets and will put business interruption insurance in place for the Huntstown Bioenergy plant once it is fully commissioned. However, even though business interruption insurance is in place, the Group could potentially be exposed to a greater than necessary financial impact in the event that the cause of the interruption is not covered under the policy.

An IT disaster recovery plan is in place which covers the whole Group. Centrally co-ordinated Business Continuity plans are in place covering the various locations where each business operates and office-based staff have the capability to work from home securely.

### Outsourcing

The Group has a managed service contract with Capita Managed IT Solutions Limited (Capita) for the outsourcing of a range of important Information and Communication Technologies (ICT). Voice and data telecoms services are provided by BT through a contract managed by Capita. There is a risk of disruption to the Group if there are service delivery failures. Comprehensive business continuity and disaster recovery plans are maintained to manage this risk.

### Taxation

The Group manages its tax affairs so as to maintain its reputation as a well-run, open and compliant business. The Group pays taxes primarily in the UK and the RoI (the jurisdictions in which it has trading operations). Good relationships are maintained with HM Revenue & Customs (HMRC) and the Irish Revenue Commissioners based on trust and co-operation. The Group's appetite for tax risk is low and its policy is to manage its tax liabilities in an

efficient manner and in compliance with relevant legislation and guidance. During the year the Group updated its tax strategy and the Board approved this to satisfy its obligations under paragraph 16(2) Schedule 19 of the UK Finance Act 2016. A copy of the Group's tax strategy is publicly available on the homepage of the Group's website.

As noted earlier, commodity prices and I-SEM market prices for electricity increased steadily throughout 2021 and in early 2022. In May 2022 the UK Government announced an Energy Profits Levy on oil and gas producers' profits and there is growing pressure on the Government of Ireland to introduce a one-off levy or windfall tax on companies unduly benefitting from high oil and gas prices. Although it is not certain that the UK Government will extend its Energy Profits Levy to electricity generation or supply businesses or that the Government of Ireland will introduce a windfall tax or indeed how such a levy or windfall tax would work in practice, there is a risk that if introduced, it could result in additional taxation payable by the Group.

The Group has a zero tolerance approach to tax evasion and specifically the facilitation of tax evasion and has appropriate policies and procedures in place to comply with the UK Criminal Finances Act 2017.

## Pensions

The EGNIPS has two sections: a money purchase section and a defined benefit section. The defined benefit section is closed to new entrants and at 31 March 2022 there were 67 members comprising 15 active members and 52 pensioners. There is also a money purchase arrangement for employees in the Rol known as 'Choices'. Most employees of the Group are members of EGNIPS or Choices. While the trustees seek the advice of professional investment managers regarding the scheme's investments, there is a risk that the cost of funding the defined benefit section of EGNIPS could increase if investment returns are lower than expected, mortality rates improve or salary or benefit increases are higher than expected.

## IT security, cloud computing and data protection

Failure to maintain adequate IT security measures could lead to the loss of data or the inability to operate due to system unavailability through malicious cyber-attack on the Group's IT systems or its outsourced partners' IT systems or employee negligence. Loss of Group data or loss/misuse of customer data could damage the Group's reputation, adversely impact operational performance or lead to a loss of income. The Group's businesses rely on complex IT systems (both its own IT systems and the IT systems of its outsourced partners) to operate and as such are at risk of being unable to operate in the event of a major IT systems failure. IT systems are potentially at risk of cyber-attack which could lead to data breaches or the inability to operate due to systems unavailability.

Furthermore there is a heightened concern around cyber-attacks in the current geopolitical situation. There is a risk that one or more of the

Group's businesses could sustain a greater than necessary financial impact through inability to carry on its operations either for a short or prolonged period as a result of the unavailability of either its own IT systems or the IT systems of its outsourced partners. The Group has a strong cyber security, cloud computing and data protection culture and employs a dedicated IT Security Manager and a Data Protection Officer. In addition, the Group has an IT Security Forum and a Data Protection Forum which both comprise of the IT Security Manager, Data Protection Officer and a number of relevant operational managers from across the Group. These forums meet bi-monthly and report to the RMC. Through the forums, the Group actively promotes awareness of IT security and data protection and targeted controls and procedures are in place to mitigate the risks including the use of the services of external IT security and data protection advisors.

## Business performance

The Group aims to deliver business performance in line with or better than expectations however there is always a risk that the Group's plans and forecasts may not be deliverable. Throughout 2021, the commodity markets for gas and carbon experienced sustained periods of volatile and increasing prices and the higher gas and carbon prices resulted in higher I-SEM market prices for electricity. While the Group is vertically integrated, the extreme volatility has impacted segmental financial performance. Higher commodity prices have also impacted liquidity and resulted in an increased requirement to post collateral with the I-SEM market and the Group's gas supply counterparties.

It is expected that the benefit of higher I-SEM market prices to the Group's Renewables and Flexible Generation businesses is offset by the

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negative impact of higher prices on the Group's Customer Solutions businesses to the extent that such higher prices are not recovered through tariffs. Higher electricity prices to customers together with the post-COVID recovery and global supply chain shortages has resulted in higher price inflation in the UK and Ireland. There is a risk that the impact of increased commodity prices on customer bills will result in increased uncertainty over the recoverability of trade receivables (primarily for the Group's Customer Solutions businesses).

Management monitors the impact of high wholesale commodity and I-SEM market prices on the Group's operations, finances and business plan projections and has modelled plausible and extreme downside scenarios to determine liquidity and collateral requirements as well as the financial impact on the Group and to stress test its resilience.

Furthermore, inappropriate investment or underperformance by a particular business segment can affect the forecasts and growth targets for the Group. The Group's planning processes are subject to scrutiny from the Energia Group Management Board and the Board and performance by each business segment is reviewed against budget on a monthly basis through the use of KPIs, variance analysis and cash flow reporting.

## Financial control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Group relies for day-to-day operations, external reporting and for longer-term planning.

The Group exercises financial and business control through a combination of appropriately qualified and experienced personnel; rigorous business planning processes; detailed performance analysis; an integrated accounting system; and clearly defined approval limits. The internal auditors test the effectiveness of financial and business controls. Investment decisions are accompanied by detailed analysis, both short and long-term, of the markets and opportunities in which the Group operates or is considering investing in.

## Treasury risks

The Group's treasury function manages liquidity, funding, investment and the Group's financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Group policies and procedures approved by the Board. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial and operating covenants.



An analysis of the Group's net debt is as follows:

At 31 March	2022 €m	2021 €m
Investments	1.4	1.4
Cash and cash equivalents	367.9	178.6
Senior secured notes €350m (2025)	(346.8)	(346.0)
Senior secured notes £225m (2024)	(264.7)	(261.5)
Senior revolving credit facility	(59.3)	-
Interest accruals - Senior secured notes	(1.2)	(1.2)
Other interest accruals	(0.9)	(0.6)
<b>Net debt excluding project finance facilities</b>	<b>(303.6)</b>	<b>(429.3)</b>
Project finance cash	53.0	37.9
Project finance bank facility (Rol)	(144.3)	(154.3)
Project finance bank facility (NI)	(189.3)	(199.0)
Project finance interest accruals		(0.1)
<b>Pro-forma net debt</b>	<b>(584.2)</b>	<b>(744.8)</b>

The maturity profile of the Group's loans and borrowings at 31 March 2022 is as follows:

Facility	€m	Maturity
Senior secured notes €350m	(346.8)	September 2025
Senior secured notes £225m	(264.7)	September 2024
Senior revolving credit facility	(59.3)	June 2024
Project finance facilities	(333.6)	2022-2035
Interest accruals – Senior secured notes	(1.2)	
Other interest accruals	(0.9)	
	<b>(1,006.5)</b>	

Maturity analysis of loans and other borrowings is:

Facility	2022 €m	2021 €m
In one year or less or on demand	(86.1)	(25.3)
In more than one year but less than two years	(24.3)	(23.1)
In more than two years but less than five years	(695.2)	(685.7)
In more than five years	(200.9)	(228.6)
	<b>(1,006.5)</b>	<b>(962.7)</b>

### Project finance bank facilities

The Group expects to put in place project finance facilities for its renewable development projects going forward.

Analysis of undrawn committed project finance bank facilities:

At 31 March	2022 €m	2021 €m
Project finance bank facilities	467.9	465.5
Draw down	(467.9)	(465.5)
<b>Undrawn committed project finance facilities</b>		-

All of the above amounts exclude project finance facilities in relation to working capital

### Liquidity and capital resources

The Group is financed through a combination of retained earnings, medium-term bond issuance and both medium-term and long-term bank facilities. A summary of the Group's net debt is set out above and in note 28. Liquidity, including short-term working capital requirements, is managed through committed Senior revolving credit bank facilities together with available cash resources. In March 2022, with the consent of its lenders, the Group increased the Senior revolving credit facility to £305m (previously £225m) and extended the maturity to June 2024 (previously September 2023). The Group continues to keep its capital structure under review and may from

time to time undertake certain transactions such as financing transactions, acquisitions and disposals which affect its capital structure. The Group may also from time to time repurchase its Senior secured notes, whether through tender offers, open market purchases, private purchases or otherwise.

The Group can have significant movements in its liquidity position due to working capital variations such as the movements in commodity prices, the seasonal nature of the business and regulatory under-recoveries. Short-term liquidity is reviewed daily by the treasury function and Group cash

forecasts, covering a rolling two-year period, are reviewed monthly. This monitoring includes reviewing the minimum EBITDA covenant, required to be reported quarterly under the Senior revolving credit facility, to ensure sufficient headroom is maintained. The project financed facilities have one main covenant, a debt service cover ratio, which measures available cash against the debt service requirements on an historic annual basis.

At 31 March 2022, the Group had letters of credit issued out of the Senior revolving credit facility of €193.3m resulting in undrawn committed facilities of €109.0m (2021 - €109.2m). There were €59.3m cash drawings under the Senior revolving credit facility at 31 March 2022 (2021 - €nil).

During the year the Group has met all required financial covenants in the Senior revolving credit facility and project finance facilities.

At 31 March 2022, there was €53.0m (2021 - €37.9m) of restricted cash in the project financed wind farms which is subject to bi-annual distribution debt service requirements.

### Interest rate risk

The majority of the Group's borrowings bear interest at fixed rates with its €350.0m Euro denominated Senior secured notes bearing interest at a fixed rate coupon of 4.0% and its £225.0m Sterling denominated Senior secured notes bearing interest at a fixed rate coupon of 4.75%.

The Group's only exposure to interest rate risk is in respect of drawings on the Senior revolving credit facility, of which £50m was drawn at 31 March 2022 and which was undrawn at 31 March 2021 and to a minor portion of its project financed facilities which are based on SONIA / Euribor rates but which are largely fixed through the use of interest rate swaps. As a result, at 31 March 2022, 91.0% of the Group's total borrowings were on a fixed rate basis and therefore not subject to any interest rate risk.

At 31 March	2022 €m	2021 €m
<b>Loans and other borrowings fixed/floating analysis:</b>		
Fixed rate debt	(916.0)	(927.2)
Variable rate debt	(90.5)	(35.5)
	<b>(1,006.5)</b>	<b>(962.7)</b>

The estimated fair value of the Group's interest rate derivative financial instruments is disclosed in note 25 to the accounts.

### Foreign currency risk

Following the refinancing of the Senior secured notes in September 2017, the Group's debt is relatively evenly split between Euro and Sterling. The Group has not designated a

hedging relationship between the Euro-denominated assets on the Group's balance sheet and the Group's Euro borrowings.

At 31 March	2022 €m	2021 €m
<b>Loans and other borrowings currency analysis:</b>		
Euro	(493.1)	(502.7)
Sterling	(513.4)	(460.0)
	<b>(1,006.5)</b>	<b>(962.7)</b>

Energia receives income and incurs expenditure in Euro. Energia is also exposed to currency movements in respect of its gas and some of its power purchases denominated in Sterling. The Group's policy is to identify foreign exchange exposures with a value equivalent to or greater than €1.0m with the percentage level of hedging dependent on the specific project. Exchange rate exposures are identified, monitored and hedged through the use of financial instruments (mainly forward currency contracts and swap arrangements).

Power NI is exposed to currency movements in respect of its Euro-denominated CfDs. These exposures are hedged in accordance with a policy agreed with the UR.

The estimated fair value of the Group's foreign currency derivative financial instruments is disclosed in note 25 to the accounts.

### Commodity risk

Energia employs commodity swaps to hedge gas price exposures and forward purchase contracts to hedge its shortfall of carbon dioxide (CO<sub>2</sub>) emission allowances. Energia's policy is to hedge its exposure to changes in the price of gas and CO<sub>2</sub> emission allowances in line with retail electricity sales contracts.

Power NI employs commodity swaps to hedge gas price exposures and GB Power price exposures. Power NI's policy is to hedge its exposure to changes in the price of gas and GB Power relative to retail electricity sales contracts.

PPB is exposed to commodity price fluctuations in respect of its generation contracts. These exposures are hedged through the use of commodity swaps and forward purchase contracts in accordance with a policy agreed with the UR.

Energia, Power NI and PPB enter into I-SEM CfDs to manage their exposure to pool price volatility.

The estimated fair value of the Group's commodity derivative financial instruments is disclosed in note 25 to the accounts.

Further detail on Energia and Power NI's hedging strategy is provided in the 'Wholesale electricity price' risk above.

### Credit risk

The Group's credit risk is primarily attributable to its trade receivables. Provisions are made based on previous experience and identifiable events which indicate a reduction in the recoverability of cash flows. As outlined earlier, sustained periods of volatile and increasing prices for gas and carbon have resulted in higher I-SEM market prices for electricity.

With increasing electricity prices being passed through to customers via higher tariffs, the Group has applied an incremental allowance for expected credit losses in line with the methodology adopted disclosed in note 18. However, there remains a risk that the actual level of deferral or default on payments by customers is higher than that assumed when estimating the provisions made at the balance sheet date.

Energia and Power NI are not exposed to major concentrations of credit risk in respect of their trade receivables, with exposure, spread over a large number of customers but may be exposed to credit-related loss in the event of non-performance by hedging counterparties. Energia and Power NI hold credit insurance and obtain security deposits, where relevant, under their credit policies in respect of certain trade receivables. Energia, PPB and Power NI also receive security from certain suppliers in the form of letters of credit, parent company guarantees or cash collateral.

The Group may be exposed to credit-related loss in the event of non-performance by bank counterparties. The Group manages this credit risk by establishing and monitoring counterparty exposure limits which are adjusted and tightened when necessary. The Group actively manages its banking exposures on a daily basis and cash deposits are placed for periods not exceeding six months to provide maximum flexibility. During the year the Group did not suffer any bank counterparty exposure loss.

Further information is outlined in note 25 to the accounts.



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## Going concern

The Group's business activities, together with the principal risks and uncertainties likely to affect its future performance are described in the Strategic and Director's Report.

In assessing the appropriateness of the going concern basis of accounting, a detailed analysis of forecast future cashflows has been prepared by management. The forecasts were based on the key assumptions of fuel prices (applying forward curves for commodities) and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

Sensitivity analysis was undertaken in relation to the key assumptions to reflect the impact of higher commodity prices and reduced demand together with potential delays in customers paying their bills. In all scenarios tested the Group was shown to have sufficient financial headroom and was able to operate within the minimum EBITDA covenant contained within its Senior revolving credit facility.

Having considered the matters above, the Director has a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the signing of the financial statements and, therefore, continues to adopt the going concern basis in preparing the annual report and accounts.

# **RESPONSIBLE BUSINESS REPORT SUMMARY**



In this section we provide a summary of the Group's standalone Responsible Business Report wherein we provide an overview of the Group's ESG activities for the period 01 April 2021 to 31 March 2022.

## Summary

At Energia Group we consider our Environmental, Social and Governance (ESG) commitment a vital component of how we currently do business and how we will do business into the future. We are committed to integrating ESG across our business and this year our report focuses on how some of our business activities contribute to the UN Sustainable Development Goals (SDGs). We believe that by aligning our activities to the broader global efforts to deliver the SDGs we are demonstrating our commitment to the communities in which we operate and serve, our employees and climate change.

This is also an important year for the Group as, for the first time, we are setting a science-based target to reduce the carbon intensity of our electricity generation by 50% by 2030, when compared to FY20 levels. The achievement of this medium-term target will facilitate the wider decarbonisation of energy across the island and place the Group on a pathway to achieve Net Zero by 2040.

As we continue our ESG journey we are evolving in terms of our disclosures and reporting frameworks. In this report we set out a number of next steps that the Group will undertake as we further integrate ESG into the business.

## Our purpose

Energia Group is committed to playing a leading role in the decarbonisation of the energy system across the island of Ireland. We are committed to providing affordable, reliable and clean energy to homes and businesses. We have an ambitious €3 billion positive energy investment plan and we are building innovative wind and solar renewable energy projects whilst also providing critical generation to ensure energy security and to support the energy transition. We are developing battery storage and hydrogen fuel solutions. We are committed to making a positive impact in the communities in which we operate and serve. Our people are core to our success.

## Taking Action

### DECARBONISING THE ENERGY SYSTEM

- We are committed to reducing the carbon intensity of our electricity generation by 50% by 2030 compared to FY20 levels, to 165gCO<sub>2</sub> / kWh
- We will participate in a number of global initiatives on carbon disclosure and verification

### BUILDING RENEWABLE ENERGY INFRASTRUCTURE

- Increase the volume to renewable electricity the Group generates by a factor of three by 2030.
- We are continuing to deliver our €3 billion positive energy programme through the development of new onshore wind and solar farms and developing 2 significant offshore wind farms.



**SUSTAINABLE DEVELOPMENT GOALS**

## EMPOWERING OUR CUSTOMERS

- We are passionate about supporting both our residential and business customers' energy transition journey through the provision of a range of innovative energy efficiency products and services and by delivering education and awareness campaigns for a just energy transition.

## SUPPORTING THE COMMUNITIES IN WHICH WE OPERATE AND SERVE

- We are committed to the local communities in which we operate and whom we serve and have a long-standing record of working in collaboration with community groups to enhance local areas and to benefit local people. In the last 6 years, we have invested more than €3 million in communities through our community benefit funds.

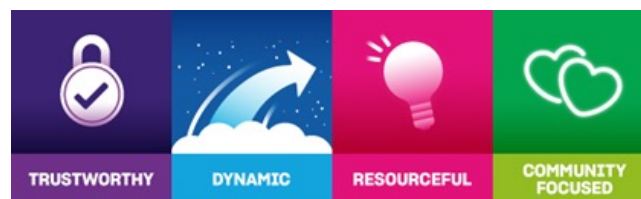
## EMPOWERING OUR PEOPLE

- Our people are our most valued asset and are the power behind our business and the driving force to deliver on our strategic objectives. We are proud of our inclusive, diverse and collaborative culture that is underpinned by our core business values. We remain committed to providing a safe, healthy and inclusive working environment for our employees encouraging their professional and personal growth.

### Our Values

Our purpose and actions are underpinned by Our Values. Our Values are the principles that we consider to be important for the well-being and prosperity of our employees, our customers, the communities of which we are a part and the Energia Group itself. Our values of being trustworthy, dynamic, resourceful and community

focused are core to the continued development and delivery of our ESG Strategy.



### Aligning to the UN SDGs

Environmental, Social and Governance (ESG) matters are important to the Energia Group as a business, to our employees, to the communities we serve and to our investors as well as a broad range of stakeholders. Whilst we are at the early stages of our ESG journey we consider our ESG commitment a vital component of how we do business now and how we will do business into the future. We are committed to embedding ESG considerations across our business and into our decision-making processes.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared roadmap for governments, businesses and society to work together to address a multitude of global challenges including the climate crisis for people and the planet, now and into the future. There are 17 UN SDGs and whilst Energia Group contributes to many of the SDGs, we have identified 5 which we believe our purpose aligns closest to:

- SDG 13 Climate Action;
- SDG 7 Affordable & Clean Energy;
- SDG 8 Decent Work & Economic Growth;
- SDG 9 Industry, Innovation & Infrastructure;
- SDG 11 Sustainable Cities and Communities.



## The UN SDGs & Energia Group



### 13 CLIMATE ACTION

#### Take urgent action to combat climate change and its impacts

- Committing to reducing the carbon intensity of electricity generation by 50% by 2030 supported by our strategic business plan.
- Identifying and evaluating climate risks and opportunities linked to our business including taking steps to measure, reduce and report our climate exposure and progress on actions to confront climate change on an annual basis.
- Supporting high level partnerships and industry bodies advocating for responsible public policies on climate, including carbon pricing and trading schemes.
- Supporting carbon trading schemes and purchasing carbon credits to offset emissions.
- Education and awareness through supporting schools' climate action programmes.



### 7 AFFORDABLE AND CLEAN ENERGY

#### Ensure access to affordable, reliable, sustainable, and modern energy for all

- Increasing the availability of renewable energy through the expansion of our renewable energy portfolio through the development of innovative offshore wind, onshore wind, solar energy and battery storage solutions.
- Consumer education on how to conserve energy and benefits of safe, renewable and cost-effective energy solutions.
- Sharing our energy sector expertise with other stakeholders fostering a collaborative approach to climate action.
- Supporting prosumer activity through microgeneration and other services.



## 8 DECENT WORK AND ECONOMIC GROWTH

**Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all**

- Energia Group directly employs almost 1,000 people across the island of Ireland.
- Promoting high standards of health and safety, encouraging employees to take personal and collective responsibility for creating a safe working environment and investing in training, equipment, technology and H&S awareness across the Group.
- Implementing hiring and training programmes that will support greater diversity in the workplace.
- Establish a Women's Network with new supports and policies.



## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

**Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation**

- Incorporating sustainability and resilience features into our capital projects and incorporating community benefit for surrounding communities.
- Implementing local procurement and employment initiatives.
- Building on current EV Home Charging Infrastructure Partnerships to help simplify the transition to electric vehicles for consumers and to continue to support publicly accessible EV charging.



## 11 SUSTAINABLE CITIES AND COMMUNITIES

**Make cities and human settlements inclusive, safe, resilient, and sustainable**

- Supporting the power grid in Ireland ensuring continuity of supply and facilitation of the further build out of renewables through the efficient operation of the Huntstown power plants.
- Proactively engaging with communities from the outset of a project/site development to identify and mitigate impacts on sites.
- Developing products which improve the efficiency of homes and offices and their ability to track and control their energy usage over time.
- Support cultural and natural heritage projects and community groups.

## Stakeholder Mapping & Materiality Assessment

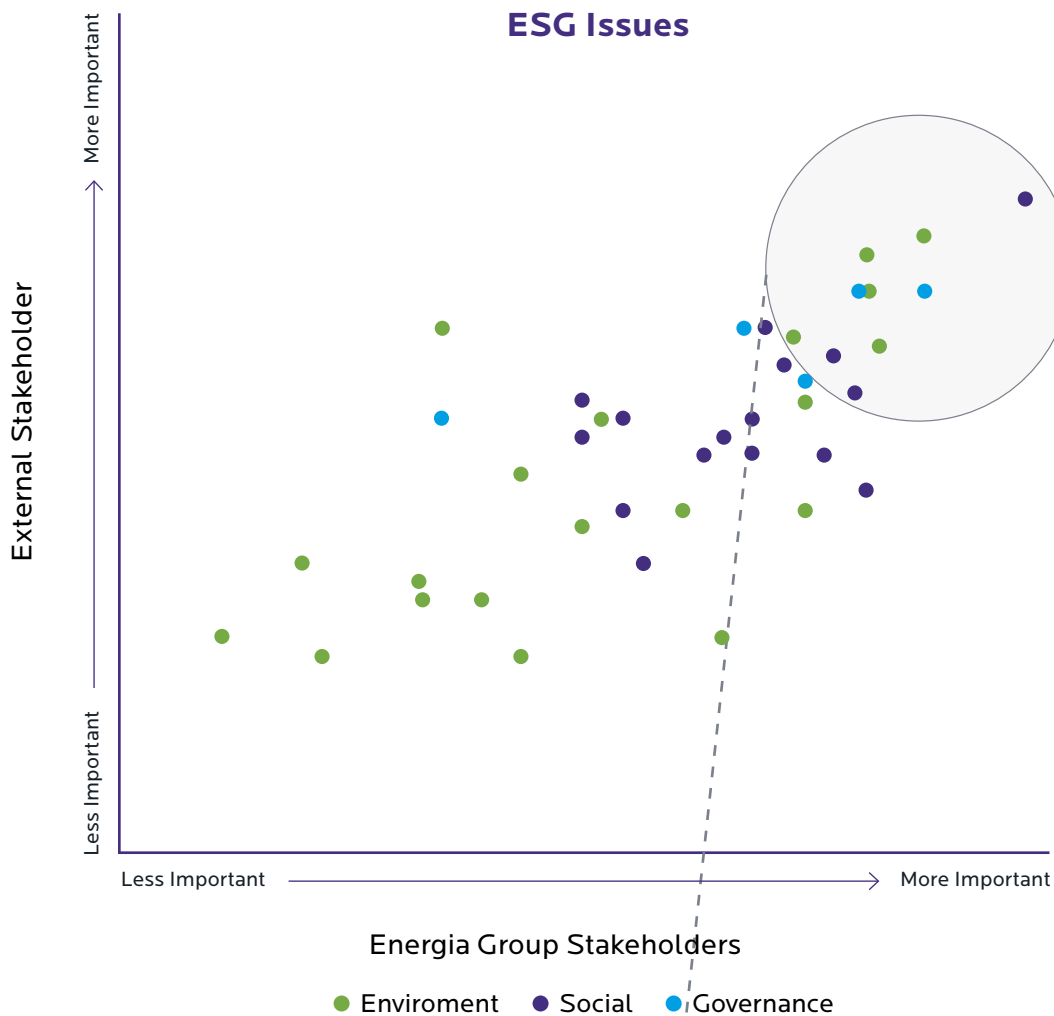
As the development and implementation of our ESG Strategy continues we understand how important our stakeholder views are. As a Group, we engage with a broad range of internal and external stakeholders including; our employees, commercial and residential customers, communities, regulators, industry groups, investors, non-governmental organisations, academia; rating agencies and other organisations that affect, or could be affected by, our activities and services. This year we undertook a Group-wide stakeholder mapping exercise, including a number of workshops across the Group.

Another important element of our strategy is to understand the issues that are perceived to be most important or material to our stakeholders. In 2022 we also conducted our first Materiality Assessment for ESG related matters. With specific reference to our sector, we identified a long list of potential issues, refined this list to focus on the Group's most significant potential impacts and sought the views of our internal and external stakeholders. The results of this assessment have informed our overall ESG approach and are summarised in the Group's Materiality Matrix below.

In line with our overall ESG approach, we will continue to refine our stakeholder and materiality approach in 2023 and our materiality matrix will be revised based on our continued engagement with key stakeholders and consideration of emerging challenges with a consistent focus on delivering our ESG Strategy.

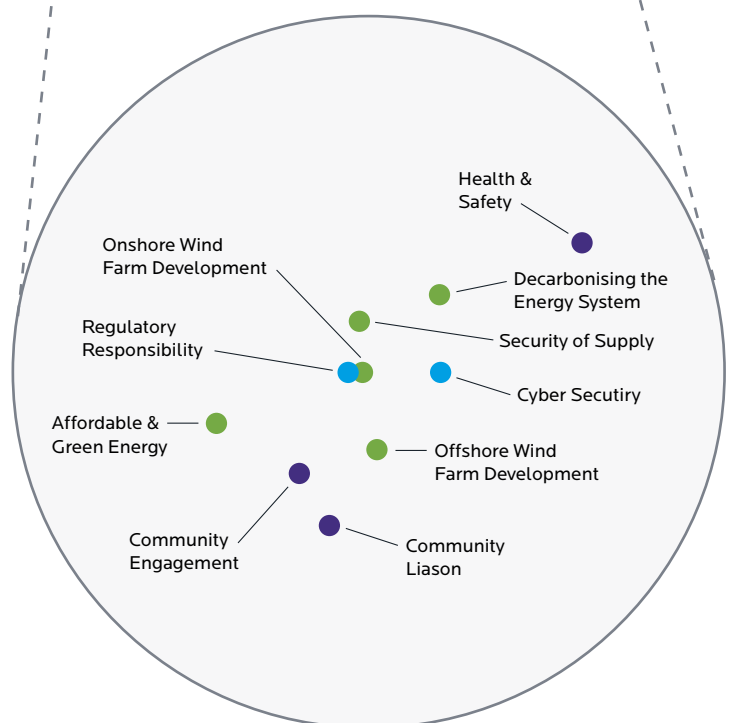
## Materiality Matrix 2022

Overall the results indicate that our stakeholders view a range of Environmental, Social and Governance factors as being important to Energia Group. Half of the issues identified as most important are specific environmental factors. Some of the other issues identified are relevant to our decarbonisation activities (e.g. community engagement) together with an important focus on health and safety and governance.



### ESG Top 10 Issues

- Health and Safety
- Decarbonising the Energy System
- Security of Supply
- Regulatory Responsibility
- Onshore Wind Farm Development
- Cyber Security
- Affordable & Green Energy
- Offshore Wind Farm Development
- Community Engagement
- Community Liaison



### **Climate Risks & Opportunities**

Climate change impacts our business in terms of both risks and opportunities. These risks and opportunities have the potential to affect all aspects of our operations, the products and services we provide and our wider business strategy over both the short and long term.

We held a workshop to consider climate risks and opportunities relevant to our business utilising the Task Force on Climate-Related Financial Disclosures (TCFD) framework. This was our first step in formalising our approach to Climate risk and opportunity, an approach that we will continue to develop in the year ahead.

### **Energia Group's ESG Governance**

The Group's ESG commitment is a vital component of how it does business now and into the future. To reflect this, we have established a new ESG Governance structure in the Group. A description of this structure is contained in the Governance section of this report.

### **Next Steps**

In FY23 the Group will participate in the Carbon Disclosure Project (CDP), a global environmental disclosure system, and will progress the disclosure of our climate related risks and opportunities in line with TCFD recommendations.

We will continue to monitor and where necessary implement relevant legislative changes to aid the standardised disclosure and reporting of key ESG metrics. In relation to the Group's climate-related targets and disclosures, the data for our carbon intensity target has already been externally verified but we will look to expand this approach to cover other data and further consider our approach to Scope 3 reporting.

We will continue to advocate for the changes required to accelerate the decarbonisation of energy across the island. Significant issues with the availability of grid, planning and the resourcing required to implement the respective climate and energy policies all require urgent action if the targets are to be achieved.





## Awards

### WEI Irish Wind Industry Awards 2021

#### Young Person of the Year

Cian Brogan – Energia Renewable Generation

#### Community Award

Energia Renewables - Meenadreen Extension Community Benefit Fund

#### Overall Winner

Energia Renewables - Meenadreen Extension Community Benefit Fund

### European Sponsorship Award

#### Best use of PR

Energia Get Ireland Growing campaign

#### Purpose Led Campaign (Highly Commended)

Seachtain na Gaeilge

### CCNNI Awards 2021

#### Apprentice/Newcomer of the Year

Maria Fyfe Business Improvement Team

#### Business Transformation Strategy

CRM Centralised Complaints Team

#### Corporate Social Responsibility

Special Recognition Award

### UK Complaint Handling Awards 2021

#### Vulnerable Situations

Gold

#### Complaint Handling Team of the Year

Silver

#### Most Improved Complaint Handling

Bronze

## POWERING CLIMATE ACTION

The energy transition is central to the achievement of climate action goals. This requires a more efficient use of energy, far greater levels of renewable electricity and the widespread adoption of electrification for other energy requirements (e.g. heating and transport). At Energia Group, these requirements are central to our strategy and are embodied in our €3 billion Positive Energy investment programme.

Our alignment to the UN SDGs, specifically SDG 13: Climate Action, has resulted in Energia Group setting a science-based carbon intensity reduction target for electricity generation (Target 13.2). Through our ongoing advocacy work, as well as our community and industry engagements, we seek to raise the awareness of climate change and the urgency with which the energy transition must progress (Target 13.3).

The Group's activities in powering climate action also go beyond SDG 13. In SDG 7: Affordable and Clean Energy and SDG 9: Industry, Innovation and Infrastructure, the Group is taking important steps in furtherance of these targets too. Our planned investments in renewable electricity will facilitate the achievement of ambitious targets across the island (Target 7.2) and through these substantial infrastructure investments, will enable industries to accelerate their electrification and decarbonisation (Target 9.4).



In this section we provide details of our Group emissions, information on new renewable project developments and summarise some of the challenges we are engaging with key stakeholders to overcome to try to accelerate climate action.

## Policy developments in FY22

We are living in a climate crisis and climate change is an urgent global issue that requires unprecedented action to ensure a sustainable future for the planet. The global nature of this issue received a lot of focus in FY22 with the United Nations Climate Change Conference (COP26) taking place in Glasgow in November 2021. For the first time, the conference received widespread, mainstream media coverage and the central message was the need for urgent action to limit the rise in global average temperature to well below 2°C and to pursue efforts to limit warming to 1.5°C.

This message is just as true at the local level as it is on the global stage. The challenges are evident from recent research undertaken by both Ireland's Environmental Protection Agency (EPA) and the UK's Climate Change Committee (CCC). Both reports cite the scale of the transformation for both Ireland and Northern Ireland to achieve Net Zero.

In FY22 the respective Governments in Ireland and Northern Ireland introduced new legislation and policies to address the need for a more significant and urgent response to the climate crisis.

In March 2022, the Northern Ireland Assembly passed the Climate Change Bill and went beyond the recommendations of the CCC in the 6th Carbon Budget Report by setting a Net Zero target for Northern Ireland by 2050.

Consistent with this new legislation, the Northern Ireland Executive published a new energy strategy – The Path to Net Zero Energy – in December 2021.

The strategy sets out a requirement for a 56% reduction in energy-related emissions by 2030, relative to 1990.



Northern Ireland's new energy strategy is built around two key deliverables in 2030; at least 70% renewable electricity – this was increased to 80% by the Northern Ireland Assembly in March 2022 – and at least 25% energy savings from energy efficiency measures.

In Ireland, the Climate Action and Low Carbon Development (Amendment) Act 2021 was signed into law in July 2021. This legislation sets Ireland on an ambitious and legally binding path to Net Zero no later than 2050. Included in the Act is the requirement for a total reduction of 51% in

emissions over the period to 2030, relative to a baseline of 2018 to be facilitated by the setting of two carbon budgets proposed by the Climate Change Advisory Council (CCAC).

In line with the requirements of the new legislation, the CCAC has proposed a 4.8% reduction in emissions annually during the period of the first carbon budget (2021-2025) and for the annual reduction to increase to 8.3% in the second carbon budget (2026-2030), in order for Ireland to be in compliance with the legally binding 51% reduction target set out in the 2021 Act.

In November 2021, the Irish Government published an updated Climate Action Plan, updating the previous plan (2019) and outlining a broad range of economy-wide targets. For electricity the Plan sets an 80% renewable electricity target for 2030 and for 2,000 MW of new flexible gas-fired power stations in support of a high variable renewable electricity system.



As outlined above, FY22 was a landmark year for energy policy on the island. Legislation creating binding carbon targets and new energy policies to enable the achievement of those ambitious targets by 2030, are an appropriate response to the climate crisis. Given the scale of investment and change required across the island, the time remaining to 2030 is exceptionally short. The achievement of the respective government targets will largely be dependent on the execution of the respective government strategies and it is vital that the necessary resources are in place to aide this. Having identified the pathways to Net Zero, the real work must begin to ensure an urgent and appropriate response to the climate crisis.

### **Our Climate Action Targets**

At Energia Group we are committed to playing our part in powering the energy transition on the island of Ireland. We have set a medium-term target to reduce the carbon intensity of our electricity generation by 50%. This is a science-based target and will see the overall carbon intensity of our electricity generation fall from 332 gCO<sub>2</sub>/kWh in FY20 to 165 gCO<sub>2</sub>/kWh in 2030. The achievement of this target will ensure the Group is well-positioned to maintain progress towards a long-term Net Zero position and is a core aspect of our ESG strategy.

In setting this target we have been ambitious while also taking account of the security of supply and network constraint issues prevalent on the Irish system, particularly in Dublin. These issues have acted as a significant restriction on our stated ambition but reflect our current understanding of the likely system conditions and requirements in 2030.

This target is accompanied by our ambition to increase by a factor of 3 the amount of renewable electricity we generate by 2030.

This target is accompanied by our ambition to increase by a factor of 3 the amount of renewable electricity we generate by 2030.

The Group's volume of renewable electricity will grow with the delivery of our onshore wind and solar pipeline, as well as offshore wind towards the end of the decade.

## Our Climate Data

The Group's Scope 1 emissions are the Green House Gas (GHG) emissions directly attributable to the activities of the Group. The vast majority of the Group's Scope 1 emissions are from gas-fired electricity generation at Huntstown.

These units operate within the EU Emissions Trading Scheme and the carbon emissions from the site are independently verified by a third-party.

The Group's Scope 2 emissions are calculated in accordance with the market-based approach in the GHG Protocol. Approximately one-third of the Group's overall emissions are attributable to the sale of gas to customers (Scope 3). Options to reduce this in the future will be dependent on the availability of alternatives for customers both in terms of technology (e.g. electrification) and substitutes (e.g. biomethane and hydrogen).

Scope	Activity	FY20	FY21	FY22
		tCO <sub>2</sub> e	tCO <sub>2</sub> e	tCO <sub>2</sub> e
<b>Scope 1</b>	Huntstown Electricity Generation	1,181,064	1,196,162	1,049,493
	Company Vehicles	79	75	69
<b>Scope 2</b>	Energy Use (electricity, heating oil and gas)	287	23	39
	<b>Total - Scope 1 + 2</b>	<b>1,181,429</b>	<b>1,196,260</b>	<b>1,049,601</b>
<b>Scope 3</b>	Water		22	7
	Gas Sales	567,106	553,477	540,440
	Business Travel (grey fleet and air travel)	156	23	44
	Waste to Landfill		0.3	0.1
	<b>Total</b>	<b>1,748,692</b>	<b>1,749,783</b>	<b>1,590,092</b>
<b>Key Climate Metrics</b>				
	Carbon Intensity of Generation gCO <sub>2</sub> /kWh	332	330	330
	Renewable Generation GWh	672	691	644



## Electricity Generation and Carbon Emissions

In FY22 Energia Group provided 5.4 TWh of electricity to the all-island Single Electricity Market, with over half of this coming from renewable sources.

Energia Group owns and operates two CCGT plants at the Huntstown campus in north Dublin. These units provide critical security of supply to homes and businesses in the Greater Dublin Area and are regularly required to run to satisfy operational constraints imposed by the Transmission System Operator (TSO) EirGrid for the safe and secure supply of electricity.

In FY22 Huntstown 2 incurred a significant outage and the unit was unavailable until October 2021. For the duration of this outage, Huntstown 1 provided vital system security to the system.

In the year ended 31 March 2022, the two units at Huntstown exported 2.53 TWh of electricity to the grid, to supply the needs of homes and businesses. Approximately 23% of all electricity generation at Huntstown was to satisfy system constraints and to maintain security of supply in the Greater Dublin Area.

The total generation activity at Huntstown released c.1.05m tCO<sub>2</sub> into the atmosphere, 26.3% of which was related to the units' constrained operation.

The Group also has a long and prominent history of investing in renewables electricity projects and currently the Group owns and operates 14 onshore wind farms with a capacity of 309MW.

This comprises of 136 MW in Ireland and 173 MW in Northern Ireland, as well as a strong development pipeline discussed elsewhere in this report.



In FY22, the Group's renewable assets generated 644 GWh of renewable electricity. An additional 8.6% (56 GWh) of the available generation from this portfolio was lost due to system constraints and curtailment. This is equivalent to the output from a 20 MW windfarm or the power required annually by over 13,000 homes and, represents a significant loss of renewable electricity across the system and inhibits progress towards further decarbonisation.

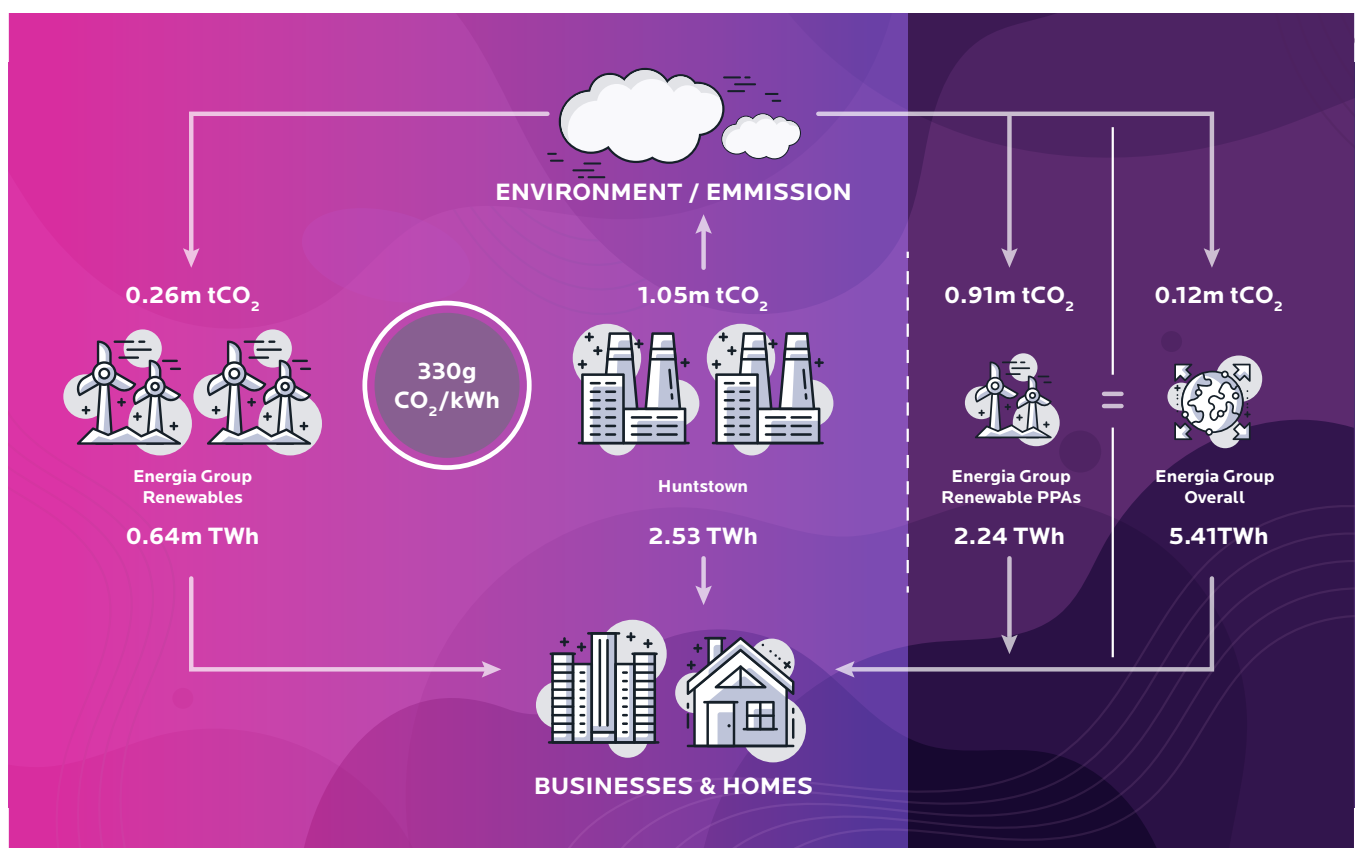
Overall in FY22 the Group's electricity generation assets generated 3.17 TWh of electricity, emitting 1.05m tCO<sub>2</sub> and resulting in a carbon intensity of electricity generation of 330g CO<sub>2</sub>/kWh.

As well as the onshore wind assets owned and operated by the Group, it also has a contracted renewable PPA portfolio of 1,282 MW, primarily consisting of off-take contracts with third party owned wind farms. These contracts are

a key enabler for renewable projects to access financial support (e.g. REFIT / RESS / NIRO) and provides a clear route to market for their generation.

Overall, the Group supplied 2.88 TWh of renewable electricity to the all-island market in FY22, avoiding 1.17m tCO<sub>2</sub>.

## Electricity Generation and Emissions Profile



## New Developments in FY22

The Group currently has 267MW of new onshore wind projects in development and a further 313MW in new solar capacity. To support system operation, the Group is also developing 50MW of battery storage outside Belfast at Castlereagh.

Some of the key developments in FY22 include:



### 1. Onshore Wind – Drumlins wind farm, Co. Monaghan

Construction works have started on a 49 MW onshore windfarm in Drumlins, Co. Monaghan. The windfarm will consist of 8 wind turbines and when fully operational, will generate enough renewable electricity to meet the annual electricity needs of 34,000 households.



### 2. Battery Storage – Castlereagh, Co. Down

Large-scale battery storage on the all-island system will facilitate the further integration of renewable electricity on the grid to meet customers' demands. At Castlereagh in Co. Down, work is ongoing at the Group's first battery storage project.

The 50MW project will comprise up to 18 battery containers, each containing rechargeable battery units.



### 3. Offshore Wind – North Celtic Sea & South Irish Sea

In September 2021, Foreshore Licences for Energia Group's two offshore wind projects – North Celtic Sea (600-800 MW) and South Irish Sea (600-800 MW) – were granted by the Department of Housing, Local Government and Heritage. The licences have enabled the Group to schedule geotechnical and geophysical surveys of the proposed project sites and these surveys will take place between April and August 2022.

Public consultation and engagement has been central to progress on both projects and in FY22 we completed the first of three planned public consultations on the respective projects.

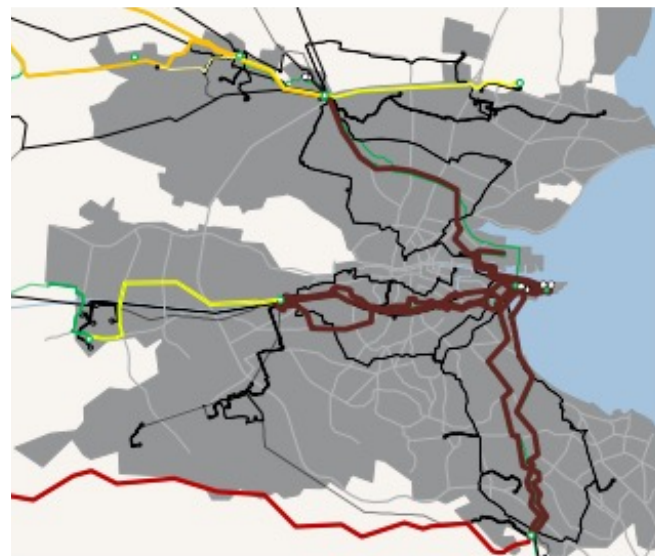
## The Energy Transition and Security of Supply

The all-island power system will increasingly rely on renewable electricity generation, primarily onshore and offshore wind and solar, supported by large, flexible gas-fired plants and other technologies (e.g. large-scale batteries) if we are to achieve our climate action ambition.

In the current system, security of supply remains critically important to both the power system and the wider economy but the challenge becomes a more dynamic one, the more the system seeks to rely on intermittent renewable technologies to meet customers' demands. This, coupled with system constraints for both renewable and conventional generators, gives rise to a range of complex issues.

The operation of the Huntstown units, described earlier in this report, is a relevant example of the role and importance of gas-fired generation to the wider economy, particularly in highly constrained demand centres such as Dublin. In EirGrid's recent Shaping Our Electricity Future report, the high risk of significant overloading of the network in Dublin was specifically addressed.

In FY22 approximately 23% of all generation at Huntstown was required by EirGrid to meet unanticipated shortfalls in generation elsewhere in the system and/or local system constraints.







On the basis of the analysis presented by EirGrid, it is likely that Dublin will continue to be highly constrained in the period to 2030. This has important implications both for Huntstown and the Group's carbon intensity targets that have had to assume a significant volume of constrained running for the remainder of the decade in order to facilitate the energy transition.

For the required level of investment in renewable electricity to reach the targets in both Ireland and Northern Ireland, grid-related challenges are also a prevalent feature for existing and new renewable projects. Already the Group experiences significant volumes of renewable electricity from its windfarms lost to constraint and curtailment events annually. In FY22, this was 8.6% of all generation from the portfolio of Energia Group owned assets.

The stated ambition of the governments in Ireland and Northern Ireland is to connect a further c.12,000 MW of new renewable energy projects by 2030. The level of grid investment required to facilitate this scale of ambition

is very substantial, however without it many renewable projects will not be able to proceed and those that do will be significantly more expensive to cover the risk and uncertainty.

EirGrid's Shaping Our Electricity Future report outlines some of the planned investment in the grid to 2030 that will be required to facilitate changes in demand and a move to a largely renewable power system. A review of this report and of the planned investments required to facilitate Ireland's decarbonisation indicates the needs to go a lot further. Even with the full implementation of the planned investments in Shaping Our Electricity Future, we continue to see grid as a significant barrier to new renewable investments on the island. Investment in the electricity grid to facilitate wider and deeper electrification powered by renewable electricity is fundamental to the long-term decarbonisation of this island.



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## Energia Group at COP26

The COP26 summit in Glasgow (31 Oct - 12 Nov 2021) brought together a global audience of political leaders, civil society, companies and people on the frontline of climate change to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. Representatives from Energia Group were invited to participate in two events in Glasgow over the course of the conference.

At the first event, on the topic of decarbonising public transport in Northern Ireland, we highlighted the role of collaboration and early-stage funding to support ambitious energy solutions to create zero emission public transport in Northern Ireland, with reference to the Group's hydrogen refuelling station in Belfast and electrolyser at our Long Mountain wind farm.

Our involvement in the second session focused on the Group's participation in the Northern Ireland Green Seas project, as part of the UK's Clean Maritime Demonstration Competition.

The project will involve a feasibility study into practical real-life scenarios out to 2030 and beyond of the energy requirements of different maritime locations in Northern Ireland and determine the appropriate pathways for achieving Net-Zero by 2050. The main outputs of this assessment will be a fully costed plan for a large-scale demonstration of the solutions, including any barriers to adoption, and an investigation into the potential reduction of lifecycle emissions of the solutions.

## EMPOWERING OUR CUSTOMERS ON THEIR ENERGY TRANSITION JOURNEY

Energia Group is passionate about supporting both our residential and business customers' energy transition journey. We understand the critical role that our customers can play in the decarbonisation of the energy system and believe that empowering our customers through the delivery of innovative and effective solutions is key and consistent with our vision for the role of a modern utility. We are committed to helping all customers in their energy transition, from large corporates to the most vulnerable in our society.

In aligning our activities to the UN SDG's, we are supporting the objectives of SDG 7 Affordable and Clean Energy through the provision of a range of innovative energy efficiency products and services (Target 7.3), providing solutions to all of our customers (Target 7.1) and investing significantly in renewable electricity and electrification solutions (Target 7.2).

Energia Group activities also supports SDG 9: Industry Innovation and Infrastructure through our investments in renewable infrastructure and, providing services and assistance to make industry more energy and resource efficient (Target 9.4). Through ongoing communication and engagement with our customers, we also support SDG 13: Climate Action, in terms of information on climate change awareness, adaption and mitigation (Target 13.3).

In this section of the report we outline some of the key steps we're taking to support our customers in their energy transition journey. We provide information on some of the innovative and effective solutions the Group's businesses provide for energy efficiency, energy services and assisting those most vulnerable in our society.



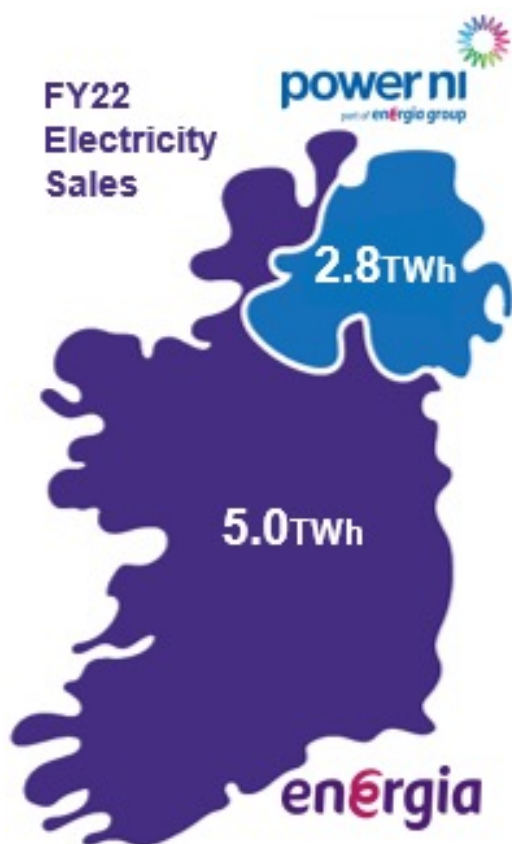
## en<sup>é</sup>rgia

Energia is a modern customer-centric utility focusing on renewable technology. We are committed to our customers and trusted by thousands of homes and businesses throughout Ireland to meet their energy needs.



Power NI is Northern Ireland's largest electricity supplier, energising over half a million homes and businesses. We are driving positive change for people living here and for the future of our planet through sustainable, smart, affordable and customer centric products and services.

At 31 March 2022, Energia Group had 821,000 customer sites on the island of Ireland supplying 7.8TWh of electricity to homes and businesses.



## Customer Experience

A focus on the customer is core to the Group's strategy and significant focus is placed on ensuring our customers have a positive experience when engaging with us.

We are very proud of our Trustpilot ratings of "Excellent" for both Energia and Power NI in FY22.



### Power NI

Reviews 499 • Excellent



4.8 ⓘ

✓ VERIFIED COMPANY



### Energia

Reviews 4,686 • Excellent



4.3 ⓘ

✓ VERIFIED COMPANY

During FY22, the Group received 5 complaints which were referred to the CRU and 1 complaint which was referred to the CCNI. The number of complaints continues to compare favourably with best practice in other markets.

## Customer Education and Awareness

Energia continues to invest in customer information programmes particularly aimed at energy efficiency for all industrial and commercial customers. These programmes include energy awareness days and energy efficiency information.

## Supporting our customers in their energy transition

Many of our customers are becoming increasingly focused on climate action and the need to take steps to decarbonise their energy use. As well as investing in energy efficiency and other technologies, customers are increasingly looking at products that will assist them in minimising their Scope 2 emissions. Energia supplies all customers with 100% renewable electricity and Power NI offers 100% renewable tariffs. This has enabled our customers to report a 2.5 million tCO<sub>2</sub> benefit in their Scope 2 emissions (market-based GHG Protocol).

## Energy Efficiency

During the year, through the Energy Efficiency Obligation Scheme (EEOS) in Ireland, approved by the SEAI, Energia provided funding to non-residential projects with estimated annual energy savings of 29.7 GWh Delivered Electrical Energy. This represents an estimated annual saving of 7,234 t/CO<sub>2</sub> savings and annual customer benefits of over €2m .

Through the Residential EEOS in Ireland, approved by the SEAI, Energia provided almost €1 million in funding for energy efficiency projects implementing a total of 3,702 projects and 127 deep retrofits. This represents estimated annual savings of 1,540 tCO<sub>2</sub>. Included within the 3,702 projects was the support of 460 purchases of Electric Vehicles.

Energia continue to pursue new and innovative services aimed at increasing awareness and offering customers energy efficiency solutions. Gas boiler servicing provides customers a simple option to maintain a safe and efficient domestic gas boiler and Energia offers customers an electric vehicle charge point to enable their energy transition to net-zero carbon.

In addition, a number of new relationships were forged with County Councils, including a project with Clare County Council focusing on the deep retrofit of energy poverty households.

The Northern Ireland Sustainable Energy Programme (NISEP) is funded from money collected from all electricity customers through a Public Service Obligation (PSO), and the fund is used to provide funding for energy efficiency schemes. Power NI received funding to administer a number of commercial schemes in the last year, these included: LED Lighting; Intelligent Heating Controls, Variable Speed Technology and Voltage Optimisation.

A total of 230 businesses applied for funding of which, 43 availed of the grant schemes over the last financial year to the value of approximately €125,000, resulting in almost 50 GWh of lifetime savings and delivering lifetime savings of 11,030 tCO<sub>2</sub>e.

The Energia and Power NI websites provide a wide range of information and advice on energy efficiency and renewable energy.

## RESIDENTIAL CUSTOMERS

### Creating prosumers and supporting microgeneration

In support of the Smart Metering programme in Ireland, where smart meters are being installed in all homes and small businesses, Energia has successfully deployed new “time of use” products to customers and work is ongoing to further develop opportunities offered by smart meters.

Energia Group continues to help customers as they transition to low carbon living through microgeneration and welcomed the Clean Export scheme announced by the Irish Government in December 2021. Microgeneration of electricity by customers through renewable technologies such as solar panels allows customers to export the surplus electricity produced to the grid and receive a payment for it.

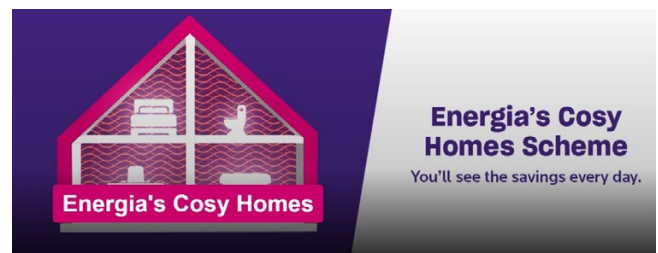
Microgeneration of electricity from renewable technologies contributes to a greener Ireland by exporting surplus green electricity to the grid while also reducing electricity costs for the customer. Power NI currently facilitates 11,000 microgeneration customers in NI with a generation capacity of 66,511KW.

Energia offers solar and residential battery storage packages to customers which are complemented by a microgeneration tariff to enable customers to be paid for electricity exported to the grid.

### Supporting Ireland’s National Retrofitting Scheme

Energia Group welcomed the Government’s National Retrofitting Scheme announcement made in February 2022. By 2030 a half a million homes will be retrofitted as part of the scheme with grants of up to €25,000 and in some cases more to assist with the cost of deep retrofits for householders.

Our Energia Cosy Homes Scheme is a One Stop Shop for deep retrofits and home energy upgrades. The scheme is the cornerstone of Energia’s home energy upgrade offerings, providing a simple solution for home energy upgrades all under one roof.



The Energia Cosy Homes Scheme streamlines the entire process of home retrofitting and energy upgrades.

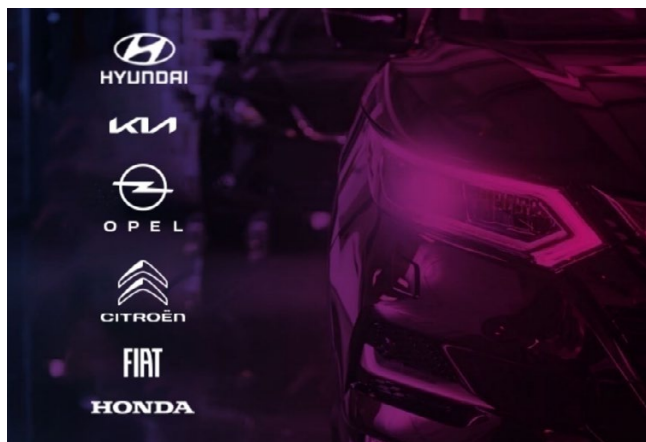
## E-mobility

### Collaboration is the driving force behind

#### Electric Vehicle charging

Energia Group have partnered with char.gy to deliver a convenient way for drivers to charge their electric vehicle. Towns and cities will require publicly available charging points in order to accommodate the anticipated increase in the uptake of electric vehicles in coming years as we transition to net zero. Integrating the charging points into existing street infrastructure such as lampposts is an efficient way of increasing the coverage of electric vehicle charging points in our towns and cities.

We have established electric vehicle charging infrastructure partnerships with 6 car brands to assist customers to transition to electric vehicles. Through these partnerships we are providing electric vehicle home charging infrastructure and renewable electricity residential tariffs for customers who purchase an electric vehicle. Power NI is also pleased to have introduced the first and only EV Tariff for residential customers in NI.



In maritime transport, we are also supporting the development of a zero-emissions hydrofoil ferry between Belfast and Bangor as part of the Belfast Maritime Consortium led by Artemis

Technologies and Power NI is the lead partner in the Northern Ireland Green Seas project. The Green Seas project, supported by the Department of Transport (UK) and Innovate UK, has the ultimate aim to power zero emission vessels with renewable electricity and will be informed by feasibility studies focussing on three areas in Northern Ireland – Belfast Harbour, Bangor Marina and Rathlin Island – to determine the best decarbonisation strategy for these three locations.

## Leaving no one behind

Energia Group understands the importance of leaving no one behind in the energy transition. Power NI is working with Ulster University and the Northern Ireland Housing Executive (NIHE) on the SPIRE 2 – RULET (Rural-Led Energy Transition) initiative which aims to reduce or eliminate the risk of low-income households being left behind in the transition to clean, smart, and integrated energy systems. Our role in this collaboration is to trial new dynamic arrangements, which will allow NIHE tenants to take advantage of cheaper, greener wholesale electricity prices.

## Vulnerable customers

Energia and Power NI offer a number of services to vulnerable customers that are promoted through their respective Codes of Practice and through various advice providers. We assist customers with special needs through these services and we actively maintain registers of customers special or priority needs.

The Group recognises the social dimension of debt prevention and management and both Energia and Power NI continue to offer a wide range of payment options and debt prevention measures. Both businesses have committed



to never disconnect an engaged customer and through the Electricity Association of Ireland, the Group worked with other suppliers to develop the Energy Engage Code for the Irish market.



**THE ENERGY  
ENGAGE CODE** | **EA  
IRELAND**

In Northern Ireland, Power NI offers a 'For Your Benefit' (FYB) service for its customers which includes a benefit entitlement check, budgeting, signposting and energy advice for particularly vulnerable customers. During the year most FYB services transitioned to telephone contacts instead of in the home although a few home visits were carried out when COVID-19 restrictions allowed. 341 contacts were completed over the phone and 2 were carried out at home. The customers who availed of the service all had been referred by Power NI's frontline staff from the contact centres and the Payment & Accounts Resolution team.

The relationship with Advice NI in Northern Ireland has gone from strength to strength and the online referral system has helped to support a number of customers who were struggling with budgeting and their personal finances.

In addition, staff from across Power NI and Energia received training in a number of specialist vulnerability areas including, how to communicate in Plain English, how to support customers in suicidal situations and how we can also work to become Dementia Friendly with 12 Dementia Friendly Champions rolling out training to their colleagues. These training sessions were delivered by experts from a range of charities and helped to enhance the conversations with customers in vulnerable circumstances.



During the year Power NI successfully achieved BS18477 certification, a British Standard for Inclusive Service Provision. This was a significant achievement for Power NI and being the first utility in Northern Ireland to be certified gives reassurance to customers and confidence for staff that Power NI will do the right thing to be as inclusive as possible.

## BUSINESS CUSTOMERS

### Connect360

We have partnered with Irish sustainability tech company Cognition World to launch Energia Connect360, a real-time data analytics portal to help business customers reduce consumption, eliminate waste and improve sustainability in a cost-effective manner. Customers can access reporting dashboards on the Connect360 portal that visualise and contextualise real-time performance as well as historical anomalies, generating cost-effective and operational intelligence.

### Lighting Solutions Scheme

Our Lighting Solutions Scheme has continued to grow and has recently expanded into Northern Ireland, providing commercial customers across the island of Ireland with access to 'Lighting as a Service' (LaaS) product.

The scheme which enables customers to upgrade their lighting and repay the capital costs through their energy bills. 33 lighting solution upgrades were carried out as part of the scheme resulting in a consumption reduction of 1.9GWh and a saving of 706 tCO<sub>2</sub>. These lighting upgrades also saved customers almost €350,000 in operating costs per year (saving based on current supply contracted rates).

### Cash for Kilowatts

Energia offers energy efficiency grants through its Cash for Kilowatts scheme. This scheme offers businesses a grant of up to 20% for a range of energy efficiency projects for businesses.

Grants are available for energy efficient heating, ventilation and air conditioning technology, to carry out process machinery upgrades or to invest in heat recovery to reduce energy consumption. This grant is based on the annual kWh savings achieved from the energy efficiency upgrade.

In 2021 our target was 24.3GWh of savings and we achieved 28GWh exceeding our target by 15%.

## OUR PEOPLE ARE THE POWER BEHIND OUR SUCCESS AND CLIMATE ACTION AMBITIONS

Energia Group recognises that talented and innovative people want to work for responsible businesses. We are focused on fostering a workplace culture that emphasises inclusion, so every employee feels like they belong, are core to our successes and that they have a role to play in the delivery of our ESG strategy. We are committed to providing a safe, healthy and inclusive working environment for our employees encouraging professional and personal growth.

Our Values of Trustworthy, Dynamic, Resourceful and Community focused are the principles that we consider to be important for the well-being and prosperity of our employees, our customers, the communities of which we are a part and Energia Group itself.

The Group's activities support SDG 8: Decent Work and Economic Growth in a variety of ways. Through a continued focus on health and safety and wider labour rights (Target 8.8) and policies for our operation and procurement that protect workers (Target 8.7), we provide for safe and decent work. A significant amount of the Group's activity in this area is also focused on ensuring an inclusive approach across all activities (Target 8.5) and utilising new services and technology to promote higher levels of economic activity (Target 8.2).

In this section we outline some of the important initiatives we have launched and progressed this year to support a growing workforce and to equip them with the knowledge and environment to help them to thrive. We employ almost 1,000 talented people and are committed to empowering our team to support community activities and initiatives thereby creating change for social

good. Our ambition is to remain a strong force for positive change within the energy industry and society in Ireland.

### New Starts

In FY22 281 new people joined the Group, contributing to an overall increase of 74 in the total number employed in the last year. In adherence with government guidance and the relevant restrictions in relation to COVID-19, the vast majority of new employees joined the company remotely in the first instance.

In February 2022 we launched our new employer campaign, Energy Moves Us to highlight the many inspirational roles we have across the Group.



### Placement Students

The Group offered placements to 18 students from third level colleges/universities across different departments in our business over the last year. The placements for students last from six to twelve months and are offered across our businesses in Ireland and Northern Ireland. In addition to their work experience, placement students participate in Learning and Development modules such as Teamworking; Innovation and Communicating with Impact. These modules enable our students to develop wider business skills for their future careers.

## Graduate Programme

During the year, we continued with our Graduate Programme, recruiting 5 graduates as part of this year's intake: 1 graduate for the Technology & Innovation and 4 Engineering graduates. Graduates are supported by a bespoke development programme whilst having access to an assigned mentor.

## Diversity

The Group recognises the value of a diverse workforce and looks to offer equal opportunities to everyone. Overall, the Group has an excellent gender balance; in FY22 45% of employees identified as female and 55% identified as male.



At 31 March	2022		2021	
	Male Number	Female Number	Male Number	Female Number
Energia Group Limited Board <sup>1</sup>	1	-	1	-
Energia Group NI Holdings Limited Board <sup>2</sup>	10	1	10	1
Senior Management <sup>3</sup>	8	4	8	4
Other Employees	541	440	507	397

<sup>1</sup> Directors appointed to the Board of the Company are not employed by the Group and are not included in the employee numbers shown in note 9 to the financial statements

<sup>2</sup> The Board of Energia Group NI Holdings Limited (EGNIHL) is the main operational Board for the Group. Non-Executive directors appointed to the Board of EGNIHL are not employed by the Group and are not included in the employee numbers shown in note 9 to the financial statements. Three Executive directors of EGNIHL (two males and one female) are also members of the Energia Group Management Board (EGMB) and also included in the numbers for Senior Management

<sup>3</sup> Senior Management comprises members of the EGMB and includes those senior managers who regularly attend EGMB meetings

## Elevate Pledge

Energia Group is committed to creating an inclusive workplace by creating a culture where everyone feels welcome, has access to opportunities and is supported to thrive. We have signed up to the Business in Community Ireland's Elevate Pledge. Our Pledge was to establish a women's network and in September 2021 we launched Connecting Women in Energy. By signing up to this Pledge, we are demonstrating our commitment to building a truly inclusive workplace and supporting the broader values of inclusion, equality and opportunity in society.



The Group's policies are intended to embed diversity within the workplace. The Group's Dignity at Work Policy supports dignity at work, prevention of harassment and discrimination and provides guidance for resolution. The Group's Equal Opportunities Policy provides guidelines on employment decisions such as recruitment, promotion and training whereas the Group's Recruitment and Selection Policy includes principles of equality of opportunity for all applicants and potential applicants throughout the recruitment process.

Energia Group has retained the Bronze Diversity Charter Mark from Diversity Mark NI in recognition of the Group's commitment to diversity and inclusion. As part of the Bronze Diversity Charter Mark, we undertook a gender balance review and identified an action plan which included launching our Emerging Leaders Assessment to address the split of male/

female within senior management positions. Furthermore, the Group launched its Mentoring Programme which is also offered to employees returning from maternity leave, career break and other periods of long-term absence.

In April 2021, the Group launched a new e-learning course to all employees on Equality and Diversity. 972 (97.9%) employees completed the e-learning course and it is included in the required training for all employees joining the Group.

## Women's Network

Energia Group launched the Women's Network in September 2021 – Connecting Women in Energy. We currently have 5 groups, Women's Health and Wellbeing, Early Career Women, Aspiring Women, Women Returners and Women Caregivers. The network goals for 2022 are to introduce one new policy that supports women in their careers, have 100 network members, 50 male allies and two networking events for all employees.





## International Women's Day

Energia Group was proud to join International Women's Day (8 March 2022) to celebrate women in engineering and to inspire girls to consider engineering as a career choice during STEPS Engineer's Week. As a leading developer and operator of renewable energy across the island of Ireland we are proud to celebrate some of the female engineering talent in our company.



As part of International Women's Day we introduced two women's health policies, Pregnancy Loss and Fertility Treatment and a Managers guidance document to support women through the Menopause.

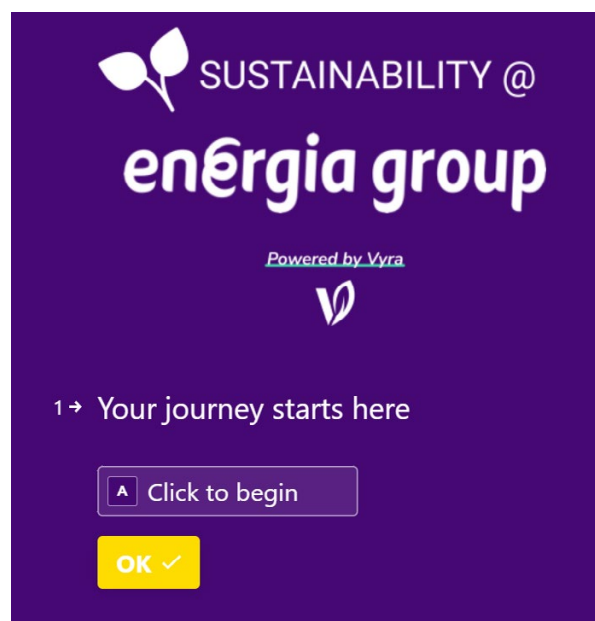
## International Men's Day

In November 2021 we ran a number of events to recognise International Men's Day. This included Men's Cancer Awareness session and We Can Make a Difference, a talk from Belfast Samaritans.

## Sustainability @ Energia Group

Energia Group in partnership with Vyra has developed Sustainability @ Energia Group, a bite sized sustainability training and challenge initiative. As part of this innovative sustainability engagement initiative we are introducing the UN Sustainable Development Goals to all employees across the Group while also highlighting some of the work we are doing as a business that supports those goals.

In addition to this initiative we also deliver an Environmental training programme to all employees. This course was completed by 100% of our employees in FY22.





## Green Team



The Green Team is made up of 20 employees from all areas of Energia Group who are focused on raising awareness and implementing initiatives promoting sustainability across the business.



## Health & Safety

A key priority for Energia Group is to ensure health and safety remains a key focus for all employees, including contractors and the general public through the promotion of a positive health and safety culture and with adherence to legislation and recognised safety standards.

The Group's Health, Safety and Environmental Policy aims to promote high standards and is supported by specific safety principles, rules, policies and procedures. Contractors must adhere to the same safety rules and requirements as employees.

The Group's Health & Safety management system is certified by the NSAI to ISO 45001:2018.

The Group's approach to employment-related performance, such as safety and sickness absence, is to set targets in line with best practice.

The Group regularly engages with relevant organisations including the Health and Safety Authority in Ireland as well as the Health and Safety Executive for Northern Ireland. Energia Group continues to be an active member of the Northern Ireland Safety Group.

Six dedicated internal health and safety professionals are employed across the group, alongside an external health and safety consultant who provides advice and recommendations to management on a range of health and safety matters. Alongside in-house reviews, external audits are carried out on every part of the organisation at least once a year.

Excluding third party contractors there were no reportable incidents or lost time incidents during FY22. Including third party contractors there was four reportable incident/lost time incidents.

## Energia Group overall Loss Time Incidents (LTI)

Financial year	Employee LTIs	Third Party Contractor LTIs	TOTAL LTIs
2019/20	0	3	3
2020/21	0	1	1
2021/22	0	4	4

### Sickness absence

The Group believes that the pro-active management of illness and absenteeism is to the mutual benefit of the Group and its employees. The sickness absence rate for the Group in FY22 was 3.88% and for FY21 it was 2.62%.

### COVID-19 & Hybrid Working

An Internal Incident Management Team met regularly throughout FY22 to discuss government updates, review guidance and advice and take appropriate action.

During the year the Group transitioned to hybrid working and welcomed employees back to working from the office in February 2022. The Group also welcomed the employees who joined during the pandemic and have now started to work from offices for the first time. There is great value being back in the office and meeting our colleagues in person again, using our office spaces for collaboration and learning from each other. The initial hybrid working model introduced has employees working 2 days in the office and 3 days at home.



### Wellbeing

Energia Group is committed to ensuring its employees are well looked after, cared for and supported in all that they do. Wellness is a core part of ensuring the Group operates effectively. Our wellbeing programme is underpinned by 3 pillars Mind, Body and Life. The calendar to date has had a focus on positive mental health via exercise including 5k walking challenge, virtual gym sessions, webinars on managing stress and making changes, advice on making a will and optimising your work - life balance.

During the year the 15 wellbeing initiatives were organised and were attended by 692 colleagues. In addition to the wellness initiatives, we also launched Wellness Wednesdays in January 2022 to encourage employees to reach out to our dedicated professional counselling team for support.

### Blues Busters

The Blues Busters are a team of employees who, throughout the year, create activities to bring some fun to our teams. From events and competitions, free food and prizes, games and celebrations at Christmas, the team is focused on ensuring morale is high.

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## Employee Engagement

Energia Group recognises the importance of employee engagement and has established a number of mechanisms to support employee engagement be that through communication forums or employee groups. Employee communications are managed through team briefings, the Connect Employee Engagement Forum, project groups, internal communications and through interaction, consultation and negotiation with trade unions.

## Learning & Development

The Group's Talent Management strategy is an integrated talent management strategy that ensures an effective pipeline of leadership, scarce and business critical skills to support robust succession planning and protect business continuity, increase awareness of leadership and career development opportunities and accelerated development of high potential and scarce skill resources.

The Talent Management process includes a Competency Framework which identifies the key values and competencies, including behavioural indicators, and how they are expected to be demonstrated at various levels within the business. This Competency Framework underpins the annual Performance and Development Review (PDR) process, which evaluates performance against defined and

agreed targets and objectives. It also enables individuals to discuss the competencies and identify their key strengths and those areas that could be further developed.

Learning and development needs are also identified through the PDR process to ensure that employees have a development plan in place which is aligned to their individual needs. The Group encourages regular ongoing conversations between line managers and employees to ensure greater focus on career development.

During FY22 staff received 1,089 hours of training, with 518 employees across the Group attending a training course. Training courses continue to be provided online, in shorter, more concise sessions better suited to the remote environment.

The Talent Management strategy also includes annual Talent Forums for each business and key functional areas across the Group. The Group also has a Talent Steering Group in place to proactively develop our talent pool. Over the last number of years, the Group has embedded several development programmes for managers at various different levels and the Group's Learning and Development Calendar also complements these programmes with additional modules, which are available to all employees.

## COMMITMENT TO COMMUNITY

Energia Group want to enrich the communities in which we operate bringing a genuine social value to our activities. We are committed to the local communities in which we operate and whom we serve and have a long-standing record of working in collaboration with community groups to enhance local areas and to benefit local people.

The Group's activities support SDG 11: Sustainable Cities and Communities through a range of initiatives. Linked to the Group's activities in support of the other SDGs highlighted in this report, we promote the achievement of cleaner and more sustainable cities (Target 11.3 and 11.6), sustainable transport solutions (Target 11.2) and ensure the protection of nature in all we do (Target 11.4).

Through our work in communities across the island, we also promote SDG 13: Climate Action through efforts to improve education and awareness of climate change and the action required to mitigate and adapt to minimise its adverse impacts (Target 13.3).

In this section of the report we summarise a number of our engagements with local communities, both around our renewable projects and through broader initiatives the Group has developed to support communities. Education and awareness, charitable giving, volunteering and sponsorship are all aspects of the Group's approach to focus on and promoting a positive impact with all aspects of the energy transition.



## Supporting Communities

### Community Benefit Funds

Energia Group believes local communities deserve to benefit from the construction and operation of its wind farms. Our wind farm community benefit funds support community groups, voluntary organisations and environmental projects situated near our operational wind energy developments. In the last 6 years, we have invested more than €3 million in communities through our wind farm community benefit funds.

We work with the Community Foundation for Ireland (CFI), Community Foundation NI (CFNI) and Fermanagh Trust, who administer the funds on our behalf and tailor each scheme to the needs of the local community, whilst prioritising energy efficiency and sustainability goals. We are now investing €660,000 every year in our wind farm community benefit funds.

In the year ending 31 March 2022, a total of 78 community groups, associations, schools and sporting organisations received grants from Energia Group's wind farm community benefit funds with an estimated reach of around 28,700 people. Grants ranged in size from €500 to €30,000. One group in County Fermanagh will receive more than €100,000, spread over five years, to develop a Lough boardwalk trail.



## SPOTLIGHT ON MEENADREEN AND THE WIND ENERGY AWARD WIN

In 2021, Energia's Meenadreen wind farm community benefit fund was nominated for a Wind Energy Ireland Community Award and the fund went on to win the Overall Winner trophy at the awards ceremony in Dublin. The judging panel singled out Energia Renewables for our commitment to periodically reviewing the fund and continued engagement with local community groups to ensure maximum positive and lasting impact.

Meenadreen in south Donegal is our largest wind farm and the annual €90,000 fund has enabled us to allocate funding to run a local student bursary scheme. The idea was first raised at a community group workshop. So far, nine local students have benefitted from individual bursaries, which will cover their tuition fees throughout their chosen higher education courses.



Photograph: Peter Baillie, Managing Director Energia Renewables, with Brendan McGarr, Head of Asset Development, Energia Renewables at the WEI Wind Industry Awards

## Engaging communities in our projects

The North Celtic Sea and South Irish Sea projects will generate 100% clean renewable energy and make a positive contribution to decarbonising Ireland's energy supply, reduce emissions and help to achieve our 2030 climate action and offshore wind energy targets. Together, these projects will generate clean green electricity for over one million Irish homes and businesses – protecting our environment for future generations.

The introductory public consultations for both projects were held in autumn 2021, providing an early opportunity for the public to learn about the projects and invited the public to provide feedback.



Across both public consultations, there were over 11,700 views of the dedicated project websites and 1,840 visits to the project virtual consultation rooms, culminating in a total of 167 submissions. We were delighted to have had such positive engagement and all feedback provided through various channels has been fully considered by the project team and will help inform and shape the projects going forward.



Ongoing consultation with local communities, the fishing industry and all interested stakeholders forms a key part of Energia's approach to these projects and we are committed to maintaining our engagement with the communities and interested stakeholders through newsletters, updates and ongoing public information clinics in Wicklow, Waterford and Wexford.



North Celtic Sea is a proposed renewable energy project by Energia off the south east coast. The project will generate clean electricity to power the equivalent of more than 500,000 Irish homes and businesses - making a major contribution to achieving Ireland's carbon reduction targets.

#### Upcoming Surveys

Energia applied to the Department of Housing, Local Government and Heritage for a foreshore licence to carry out surveys to determine the feasibility of this location to accommodate an offshore wind farm. The licence, which was granted in September 2021, permits a series of site investigation surveys which will provide essential information to progress the project design and environmental assessments.

The geophysical surveys, which will be undertaken from April to May this year (subject to weather conditions) will provide important information on the seabed conditions and the ecology of the sea area. Energia has appointed Irish surveying and data services firm, Green Rebel, to carry out the geophysical surveys (see survey vessel on Page 2).

Energia and Green Rebel wish to advise that the survey area will remain open to fishing during the surveys. Energia has a policy of co-existence with fishing interests and will continue to engage and work with the fishing industry to deliver a successful outcome for both.

Geotechnical surveys will also be undertaken which involve the collection of samples to determine sediment properties both on and below the seabed.

The data from these studies will help determine the proposed size and design of the wind farm, its location, the number of turbines and the distance from shore.



#### Location

North Celtic Sea is a renewable energy project proposed to be located a minimum of 10km and up to 25km off the Co. Waterford coast.



#### Size

A typical 600-800MW offshore wind farm will consist of approximately 40-60 turbines.



#### Benefits

##### Economic

- €2bn investment
- 800 jobs during construction
- 70-100 local operational and maintenance jobs
- Supply chain opportunities for local businesses



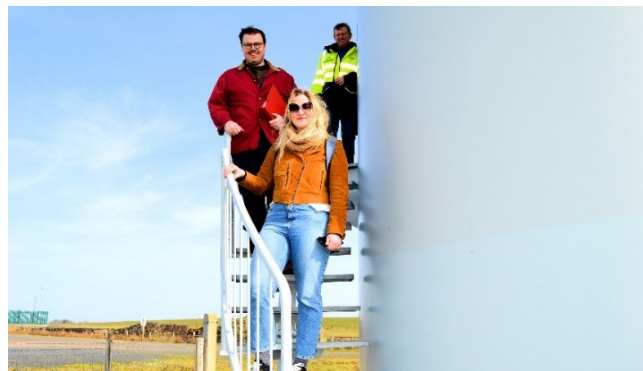
##### Social

Under the Renewable Electricity Support Fund (RESF), a typical 600-800MW wind farm will provide a multi million euro community benefit fund per annum for local projects.

## Educational Outreach

Energia Group is committed to improving education and awareness on climate action including renewable energy and energy efficiency. The Group regularly hosts educational tours of its facilities. Energia Group hosted students from Queen's University Belfast for an educational tour of Long Mountain Wind Farm in Antrim. The impressive 27.6 MW wind farm, operational since 2017 comprises 12 wind turbines and generates enough renewable energy to power 15,000 homes. For many of the students it was their first time visiting an operational wind farm.

Our team of experts shared their experience in developing a wind farm project from planning through to construction and operation as well as their experience developing a green hydrogen production facility at the site.



## Energia Group and Midlands Science

Energia Group collaborated with Midlands Science and Laois County Council to deliver science outreach focused on climate action to secondary and primary schools in Portlaoise. The town of Portlaoise was designated as Ireland's First Low Carbon Town in 2021 and this special outreach education programme, was designed to create awareness of climate change science and action. Over 600 students and teachers took part in the workshops which explored the science of climate change and actions we can take to mitigate climate change. Evaluation after the workshops showed that 75% of participants felt they could do something in their own lives about climate change and this building of personal responsibility and agency is extremely important in addressing the emerging issue of climate anxiety.



## Global Wind Day

Global Wind Day is a worldwide event that occurs annually on 15 June. It is a day for discovering wind energy, its power and the possibilities it holds to reshape our energy systems, decarbonise our economies and boost jobs and growth.

Local primary school pupil, Aoife McCabe, put on her hard hat, picked up her microphone and hosted a video tour of the Meenadreen windfarm. Working in partnership with Midlands Science, a not-for-profit company whose mission is to

promote interest in STEM education in the Midlands, we asked schools to submit questions about wind energy. Our mini reporter, Aoife, then put the questions to the Meenadreen engineering team. (<https://www.youtube.com/watch?v=iiGUVzsz2uw>)



**Photograph:** 6-year-old Aoife McCabe interviews the Meenadreen wind farm team for Global Wind Day 2021.

## Engineers Week

Energia Group took part in STEPS Engineers Week, a celebration of the world of engineering in Ireland which ran from 5-11 March 2022. The annual event is coordinated on a national basis by the Engineers Ireland STEPS programme, which promotes engineering and the importance of the profession to children in Ireland. We promoted careers in the energy industry for young people during the week by profiling some of our team that are involved in the development of sustainable energy solutions critical in helping Ire



## Supporting Businesses

Power NI supports a range of business initiatives, particularly in conjunction with local chambers of commerce including SME Partner of NI Chamber's Learn Grow Excel programme, helping businesses across a range of different areas including sustainability, innovation, boosting productivity, sales technique and showcasing local success stories to learn from. Power NI also sponsored the Business Innovation Award at Belfast Chamber Business Awards 2021 as well as overall associate sponsor of the Armagh City, Banbridge & Craigavon Business Awards 2022.

In FY22 Energia became the Sustainability Partner of the Waterford Chamber of Commerce. The Waterford Chamber is the current Chamber of the Year and we have been involved in a number of sustainability initiatives in Waterford over the course of the year. Waterford is the first city in Ireland to have set a Net Zero target and are looking to have achieved this by 2040.

## Brighter Communities

During the year Power NI continued to operate the Brighter Communities funding programme which gives grassroots organisations the opportunity to receive €1000 in funding. In 2021 almost €20,000 was shared amongst 17 worthy community groups. Groups receiving funding included: Food Stock, Brave Hearts NI, Street Soccer Women's Team, Angel Eyes NI and Omagh Disabled Riding Association. Brighter Communities has been operating since April 2018 and has now invested over €60,000 in community groups across Northern Ireland.



NI K9 Search & Rescue in Belfast purchased an underwater camera for use in search operations

## Helping Hands

The Helping Hands scheme has been operated by Power NI in Northern Ireland for many years and in September 2021 the scheme was expanded across Energia Group to assist community groups across the island of Ireland. Financial support is available for all employees to offer financial help to an organisation/charity that they are involved with. In 2021, 30 projects (of which 22 were in NI and 8 in ROI) were awarded €300 each.

## Supporting Charities

### Charitable Giving – Christmas 2021 Food Banks

Christmas is the season of giving and, once again this year, in lieu of staff Christmas celebrations, Energia Group donated a total of €32,000 to help foodbanks in Antrim, Belfast, Omagh and Dublin over the festive season. Food banks provide essential food support for families and people who are in need all year round but Christmas is a particularly busy time. We supply energy to communities all over Ireland and so we believe that we have a role to play in supporting those that might be experiencing challenges in those communities. These challenges are often not



limited to the holiday season however the Christmas period can be particularly difficult, especially with the added impact of COVID-19.



Pictured at the Crosscare Community Café in Dublin is Gary Ryan, Managing Director, Energia Customer Solutions with Louise Lawless, Crosscare Community Café Manager.



Pictured at the South Belfast Food Bank is William Steele, Director, Power NI Customer Solutions with Bruce Gardiner-Crehan, Manager of South Belfast Food Bank.

Energia Group also donated over €20,000 to the Black Santa appeals in Dublin and Belfast. The annual charity event has become known as the Black Santa appeal because of the long, heavy black cloaks worn by participating clergy. All of the money donated to the Appeal goes

directly to a variety of charities in both Belfast and Dublin supported by Black Santa with a focus in December 2021 on refugee charities.



Pictured at the launch of the annual Black Santa appeal in Belfast is Ian Thom, Chief Executive, Energia Group with Reverend Stephen Forde, Dean of Belfast and Reverend Alan Abernethy, former bishop of Connor.

Overall Energia Group provided €64,000 to a wide range of charities across the island during Christmas 2021.

## Volunteering

Volunteering continued to be a challenge in early 2021 due to the global pandemic. As restrictions lifted in person volunteering became possible, over 80 volunteers from across the Group volunteered in their communities up to the end of March 2022 totalling an impressive 360 volunteering hours. Volunteering efforts focused on helping local food banks, clearing up Belfast Bog Meadows, beach clean at Bettystown beach in Meath, putting up Christmas lights and planting spring bulbs in Age NI's Meadowbank Care Home in Omagh and feeding the animals at St Anne's City Farm in Dublin.



Beach Clean with Clean Coasts at Bettystown Beach

Virtual volunteering with Age NI also continued so that people over 60s could stay connected through “Check-in and Chat”. A weekly telephone call to an older person is an excellent way to help older people to cope with the challenges of isolation and loneliness which they have faced and almost 20 Power NI staff have been making weekly calls to their older person since November 2020.

Skills based volunteering also made a positive start and some staff from the HR team got involved with Christian Against Poverty’s Job Clubs and attended a session in Newtownabbey where they had the chance to share information about what makes a good CV, how we structure our interviews and about possible employment options across Energia Group. They also attended a ‘Meet the Employer’ event with Disability Action in March 2022 where they got to talk via Zoom to people interested in working with Energia Group.

## Supporting Culture

### SnaG - Seachtain Na Gaeilge :

For the 6th year, Energia was proud to be the power behind Seachtain na Gaeilge. The Irish language festival which ran from March 1st to

March 17th, where we contributed funding to 150 groups to support them in hosting events as gaeilge, such as youth concerts, nature walks and traditional music sessions in their local communities.



The 2022 ambassadors for the festival include: Séaghan Ó Súilleabháin, better known as ‘The Kerry Cowboy’ on TikTok, Cormac Ó hEadhra, Radio and TV presenter, and Sene Naoupu, Rugby player.

## Supporting Environmental Initiatives

### Get Ireland Growing

Energia Get Ireland Growing in partnership with GIY aims to make it easy for you to grow your own vegetables at home and to help power a more sustainable future. Energia’s Get Ireland Growing campaign saw us giveaway €40,000 worth of GrowBoxes to those aspiring to join the green-fingered community. The campaign provided assistance towards their growing journey which included tips and tricks to upskill in the garden. The conclusion of the campaign saw the selection of a number of growing ‘heroes’ from each province who had been nominated by their communities. Four winners were chosen from this selection on Get Ireland Growing day with a €1,000 prize given to each provincial winner to enable them to continue their growing journey.



On Energia Get Ireland Growing day (19 June 2021) we also engaged with 15 coffee trucks around the country and supplied them with seed packets and compostable coffee cups to hand out to customers along with coffee grounds which is an excellent addition to compost. We handed out over 4,000 seed packets around the country on the day itself!



## The Power Behind Sport

### Irish Rugby, Leinster Rugby and the Energia All Ireland League (AIL):

Energia is committed to supporting Irish rugby from grassroots to international level. We are the proud title sponsor of the Energia AIL and Official Energy Partner of both Leinster Rugby and the IRFU. Energia Park plays host to a full spectrum of rugby activity, from schools cups to local club games, Ireland Women's Internationals and everything in between.

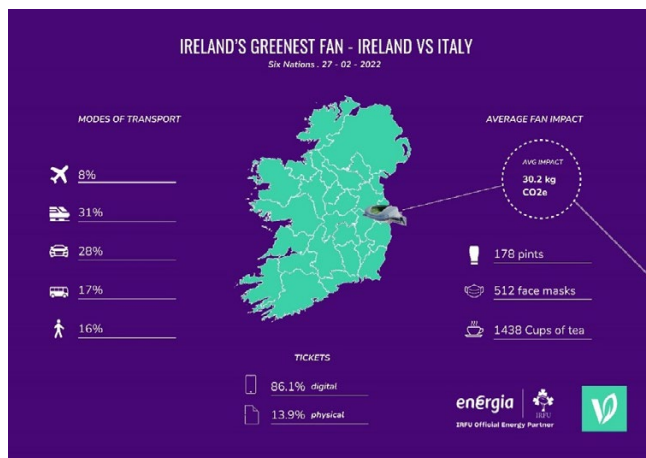


Stacey Flood and Hugo Keenan

As proud sponsor of Irish Rugby and the Energia AIL, Energia have been able to engage with 58 of Ireland's best rugby clubs all across the country. The restart of the Energia AIL post-pandemic has seen crowds return to matches and support for grassroots rugby at an all time high. Along with TG4, Energia televised the Women's Energia AIL final on TG4 for the first time. This was an important milestone for Women's Rugby in Ireland.



Throughout our partnership with Irish Rugby, we have engaged with fans attending the Guinness 6 Nations to learn more about the carbon footprint of those attending games. The 'Ireland's Greenest Fan' initiative asked fans about their route taken and sought to show them the impact of their chosen transportation, and how they could reduce their impact.



### Wexford Youths Women's Football Club

Energia continues our commitment to Wexford Youths Women's Football Club. Energia is currently in the second year of a three-year sponsorship deal with the club. The sponsorship covers the annual membership fees of each player on the Women's senior squad, over a three-year period, with a key focus on supporting meaningful change within women's sport.



## GOVERNANCE – THE WAY WE WORK

Strong ESG governance will ensure that we continue to build a responsible and resilient business. We will continue to monitor the effectiveness of our ESG governance approach as we continue on our journey to integrate ESG across our business.



## Energia Group Governance Structure

The Board of Energia Group NI Holdings Limited (EGNIHL) is the main operational Board for the Group. This structure is described elsewhere in this report. Further information on the Group's approach to the management of risk is also set out in the "Risk Management and Principal Risks and Uncertainties" section of the Annual Report.

## Energia Group's ESG Governance

The Group's ESG commitment is a vital component of how it does business now and into the future. We are committed to embedding ESG considerations across our business and into our decision-making processes. In order to achieve this we have established a new ESG Governance structure in the Group. The Group's Chief Financial Officer is responsible for the continued development and implementation of our ESG Strategy including our assessment of key climate risks and opportunities.

The ESG Steering Group has been established and meets quarterly and ensures that ESG related matters are represented at Energia Group Management Board and Executive Board levels through the ESG Steering Group Sponsor, the Chief Financial Officer. The ESG Steering Group also provides oversight of and guidance to the ESG Working Groups reviewing ESG policies and initiatives ensuring that they remain effective and consistent with the broader Group strategy. The ESG working groups meet on a bi-monthly basis.

## ESG Governance Structure



## Group Policies

A key priority is to maintain a highly ethical approach to regulatory responsibilities, obligations under licences, public positioning and marketing of products and services. The Group aims to be transparent and ethical in all its dealings with third parties and has a number of policies in place to underpin this objective, these include:

- Anti-Bribery and Corruption,
- Anti-Slavery and Human Trafficking,
- Code of Conduct and Whistleblowing Procedures

As a major purchaser, the Group recognises that it has an opportunity to encourage suppliers of materials and services to deliver good environmental and safety performance and to maintain responsible practices towards their employees and the communities in which they operate. The Group's Procurement Policy is to source equipment, goods and services from a wide range of suppliers throughout the EU and beyond in accordance with commercial practices based on fairness and transparency.

The Group's UK businesses are committed to ensuring transparency in their approach to tackling modern slavery consistent with the Modern Slavery Act 2015. Where applicable, the Group adheres to the required tender procedures of the EU Procurement Directive as it relates to utilities.

The Group recognises the important role that suppliers play in its business and works to ensure that payments are made to them in accordance with agreed contractual terms. The Group's NI operations for Energia and Power NI report on payment practices and performance in line with the requirements of the UK Government's Small Business, Enterprise and Employment Act 2015.

The Group has a wide range of family-friendly working arrangements including enhanced maternity and paternity provisions, adoption, parental leave, shared parental leave and flexible working. These policies are regularly reviewed and updated on an ongoing basis.

The Group also has a number of formal policies in place including Employee Complaint and Grievance procedures, Code of Conduct and Disciplinary policies.

During the year the Group updated its Maternity Leave Policy, Paternity Leave Policy, Flexible Working Policy, Disciplinary Policy and Code of Conduct. All policies are available to employees via the Group's intranet VOLT.

## Dignity at Work

The Dignity at Work policy and procedures underline the Group's commitment to equality and dignity at work for all and ensure an environment free from bullying and harassment.

## Remuneration

The Group operates fair and visible remuneration policies which are externally benchmarked to ensure that employees are paid an appropriate salary for the work they undertake. The Group has an effective approach to recognition and reward, based on business and individual performance. Various reward schemes are in place including bonus schemes, excellence awards, reward and recognition bonuses and skills progression arrangements. Total reward statements, detailing an individual's full remuneration package, are issued to staff annually.

### Equal opportunities

The Group is pro-active in implementing human resource policies and procedures to ensure compliance with fair employment, sex discrimination, equal pay, disability discrimination, race discrimination, sexual orientation and age discrimination legislation. The Group's equal opportunities policy commits it to providing equality of opportunity for all employees and job applicants and it regularly monitors its actions to promote compliance with legislation and to ensure that it provides equality of opportunity in all its employment practices. Equal opportunity measures and statistics in respect of the relevant employing entities are reported formally to the Equality Commission for Northern Ireland.

### Disability

It is Group policy to provide people with disabilities equal opportunities for employment, training and career development, having regard to aptitude and ability. Any member of staff who becomes disabled during employment is given assistance and re-training where possible.

### Information Security

Information Security forms an integral part of Energia Group and is a key element of our Governance, Risk and Compliance (GRC) activities, which are captured within our Information Security Management System (ISMS). As part of this ISMS, Energia Group have a number of key policies ranging from End User Agreements, Mobile Device Management to Cloud Security. The governance of these policies are conducted through a number of forums including the Information Security Forum (ISF), the Risk Management Committee (RMC) and are reviewed, and where relevant updated, at regular intervals.

### ISO Standards

The Group is certified ISO 45001:2018 Occupational Health and Safety Management Standard and ISO 14001:2015 Environmental Management Standard by the National Standards Authority of Ireland (NSAI).

In September 2021 Energia Group's Safety and Environmental management systems were externally certified by NSAI the National Standards Authority of Ireland and passed the recertification process of ISO 45001 standard.

During the year the Group's Renewables Business achieved certification to ISO 55001:2014 Asset Management in respect of its asset management system for renewable generation assets. ISO 55001:2014 is the international standard for asset management and associated life cycle engineering.

During the year Energia Group successfully completed the interim review of the Business Working Responsibly Mark. The Mark, developed by Business in the Community Ireland and audited by the NSAI, is based on ISO 26000.

During the year Power NI successfully achieved BS18477 certification, a British Standard for Inclusive Service Provision.





# MANAGEMENT TEAM, OWNERSHIP AND DIRECTORSHIP

## Management Team

The management team comprises:



### Ian Thom - Chief Executive Officer

Ian has held the role of Chief Executive Officer since 2011. He joined the Group in 2001 as Company Secretary and General Counsel and was appointed to the Executive Committee in 2003. Prior to joining the Group, he served as the European Legal Director of OSI International Foods. He is a barrister by profession.



### Siobhan Bailey - Chief Financial Officer

Siobhan has held the role of Chief Financial Officer since 2011. She joined the Group in 1999 and has held a number of roles, including Energia Finance Director from 2006 to 2011 and Group Treasury Manager from 2003 to 2006. She qualified as a Chartered Accountant with EY.



### **Tom Gillen - Chief Operating Officer**

Tom has held his current role since 2011. He joined the Group in 2000 and has held a number of roles including Chief Operating Officer of Viridian Power and Energy from 2009 to 2011, Managing Director of Energia Supply from 2007 to 2009 and Trading Director from 2000 to 2007. Prior to this, Tom worked at ESB and Northern Electric, where he held various senior positions.



### **Peter Baillie - Managing Director, Renewables**

Peter was appointed Managing Director, Renewables in 2020. Prior to this Peter held senior roles within Energia including Managing Director, Renewables since 2008 and Finance Director. Peter has also held several other senior management positions within the Group since joining in 1989. He qualified as a Chartered Accountant with PricewaterhouseCoopers.



### **John Newman - Managing Director, Flexible Generation, Trading and Regulation**

John was appointed Managing Director, Flexible Generation, Regulation and Trading in 2020. He joined the Group in 2002 and has held a number of senior roles within Energia, most recently Director of Trading & Regulation since 2008. Prior to this John worked at Northern Electric where he held a number of senior roles.



### **Roy Foreman - Managing Director, Power Procurement Business**

Roy was appointed Managing Director, Power Procurement Business in 2002. He joined the Group in 1986 and has held a number of senior positions including Manager of Power Planning Economics from 1992 to 2002.



**Gary Ryan - Managing Director,  
Customer Solutions**

Gary was appointed Managing Director, Customer Solutions in 2020. He joined the Group in 2000 and has held a number of senior roles within Energia including Managing Director, Sales and Marketing Director and Head of Sales. Prior to joining the Group, Gary held senior finance, marketing and management consultancy roles at Tedcastle Oil Group. He qualified as a Chartered Accountant with PricewaterhouseCoopers.



**Garrett Donnellan - Managing Director,  
Corporate Development**

Garrett has been in his current role since 2012. Prior to this, Garrett held various senior management positions within the Group, including Renewables Finance Director and Generation Finance Director. He qualified as a Chartered Accountant with PricewaterhouseCoopers.



**Catherine Gardiner - Chief Information Officer**

Catherine was appointed Chief Information Officer in 2011 with responsibility for Strategic Projects and Technology Operations. Prior to this, Catherine was Head of Operations for Energia and has held several other management positions within the Group since joining in 2000.



**Michele Hanley - Director of Human Resources**

Michele was appointed Group HR Director in 2015. Prior to this, Michele was Organisational Development Manager and HR Business Partner with Translink (NI's public transport provider). She has experience in senior HR roles across various sectors, including FMCG, IT and Construction. She is a member of the Chartered Institute of Personnel and Development.



### **Anita Pollin - General Counsel**

Anita was appointed General Counsel in 2020. She joined the Group in 2014 and has held the roles of Group Head of Legal and Governance from 2017 to 2020 and Head of Legal, Energia from 2014 to 2017. Prior to this, Anita held legal roles at NI Water and McGrigors.



### **Alwyn Whitford - Company Secretary**

Alwyn was appointed Company Secretary of the Group in 2011. Prior to this Alwyn was Group Corporate Finance Manager and has held several other senior management positions within the Group since joining in 2000. He qualified as a Chartered Accountant with EY.



## Ownership

The Company's parent is Energia Group TopCo Limited. Energia Group TopCo Limited is majority owned by ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman Islands. ISQ Viridian Holdings L.P. is owned by the ISQ Global Infrastructure Fund (the Fund) and ISQ Viridian Co-Invest L.P., a co-investment vehicle for the Fund. The Fund is managed by I Squared Capital.

I Squared Capital is an independent global infrastructure investment manager with over \$34 billion in assets under management focusing on utilities, digital infrastructure, energy, transport and social infrastructure in North America, Europe, Latin America, and Asia. Headquartered in Miami, the firm also has offices in Hong Kong, London, New Delhi, Singapore, and Taipei.

## Directorship

The Director of the Company who held office during the period was Ronald Schweizer. Ronald is a representative of I Squared Capital and his background and experience is summarised as follows:

### Ronald Schweizer

Ronald Schweizer was appointed Chief Operating Officer at I Squared Capital in May 2022. He joined I Squared Capital as Chief Financial Officer in 2013 and was appointed to the Board on 29 April 2016 following the acquisition of the Group. He has over 20 years' experience in private equity and investment banking. Prior to I Squared Capital, Ronald served as Senior Vice President & Head of Alternative Investment Finance at PineBridge Investments where he was responsible for the accounting and operations for PineBridge's

alternative investments products and oversight of all investment valuations. Ronald has also served as Controller at Strategic Value Partners where he was responsible for the financial, operational, treasury and valuation aspects of two private equity funds. Earlier in his career, Ronald worked at J.P. Morgan Partners as a Vice President in Funds Management and at Morgan Stanley as a Manager. Ronald began his career at EY where he spent six years in their Audit & Assurance group.

The Director considers the strategic and director's report and financial statements comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

The Strategic and Director's Report, as set out on pages 8 to 110 has been approved by the Board and signed on its behalf by:

### Ronald Schweizer

Director

Registered office:

PO Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Registered Number: 192375

1 June 2022

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# **DIRECTOR'S RESPONSIBILITIES STATEMENT**

# DIRECTOR'S RESPONSIBILITIES STATEMENT

The Director is responsible for preparing the Group financial statements and has elected to prepare those accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Accordingly, the Director is required to prepare Group financial statements which give a true and fair view of the financial position, the financial performance and cash flows of the Group and in preparing the Group financial statements, to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the EU is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the EU subject to any material disclosures as explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group.

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# INDEPENDENT AUDITORS' REPORT

To the Director of Energia Group Limited

# INDEPENDENT AUDITORS' REPORT

## Opinion

We have audited the financial statements of Energia Group Limited and its subsidiaries for the year ended 31 March 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the Group's affairs as at 31 March 2022 and of its profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.



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Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of the Director

As explained more fully in the Director's responsibilities statement set out on page 112, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS) as adopted by the European Union and the relevant direct and indirect tax compliance regulation in the United Kingdom, RoI and Cayman Islands. In addition, the Group has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection, anti-bribery and corruption and Electricity regulations in respect of the Group generation and supply activities.
- We understood how Energia Group Limited is complying with those frameworks by making enquires of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquires through our review of Board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies and noted that there was no contradictory evidence.
- We assessed the susceptibility of the Group's consolidated financial statements to material misstatement, including how fraud might occur by utilising internal and external information to perform a fraud risk assessment. We considered the risk of fraud through management override and, in response, we incorporated testing manual journals and designed procedures to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journal meeting our defined risk criteria based on our understanding of the business, enquires of legal counsel, group and component team management and internal audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

### Use of our report

This report is made solely to the company's directors, as a body, in accordance with our engagement letter dated 10 March 2021. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

**Ernst & Young LLP**

Belfast

7 June 2022

# **CONSOLIDATED FINANCIAL STATEMENTS**





## CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2022

		Results before exceptional items and certain remeasurements 2022 €m	Exceptional items and certain remeasurements (note 7) 2022 €m	Total 2022 €m	Results before exceptional items and certain remeasurements 2021 €m	Exceptional items and certain remeasurements (note 7) 2021 €m	Total 2021 €m
	Notes						
Revenue	4	3,221.7		3,221.7	1,899.1	-	1,899.1
Other income <sup>1</sup>		49.5		49.5	-	-	-
Operating (costs) / income	6	(3,093.2)	7.3	(3,085.9)	(1,720.4)	7.3	(1,713.1)
<b>Operating profit</b>	4	<b>178.0</b>	<b>7.3</b>	<b>185.3</b>	<b>178.7</b>	<b>7.3</b>	<b>186.0</b>
Finance costs	10	(50.9)		(50.9)	(50.1)	-	(50.1)
Finance income	10	0.1		0.1	0.1	-	0.1
Net finance cost		(50.8)		(50.8)	(50.0)	-	(50.0)
<b>Profit before tax</b>		<b>127.2</b>	<b>7.3</b>	<b>134.5</b>	<b>128.7</b>	<b>7.3</b>	<b>136.0</b>
Taxation	11	(22.0)	(3.8)	(25.8)	(17.5)	(0.8)	(18.3)
<b>Profit for the year</b>		<b>105.2</b>	<b>3.5</b>	<b>108.7</b>	<b>111.2</b>	<b>6.5</b>	<b>117.7</b>

<sup>1</sup>Other income includes recognition of insurance proceeds as a result of a claim following the failure of the Huntstown 2 transformer in respect of replacement asset and business interruption

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Notes	2022 €m	2021 €m
<b>Profit for the year</b>		<b>108.7</b>	<b>117.7</b>
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		8.0	25.5
Net gain on cash flow hedges		1,365.1	97.3
(Gain) / loss on cash flow hedges transferred from equity to income statement		(600.6)	13.0
Income tax effect		(114.4)	(14.4)
		<b>650.1</b>	<b>95.9</b>
		<b>658.1</b>	<b>121.4</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement gain / (loss) on defined benefit scheme	23	3.7	(1.6)
Income tax effect		(0.4)	0.3
		<b>3.3</b>	<b>(1.3)</b>
<b>Other comprehensive income for the year, net of taxation</b>		<b>661.4</b>	<b>120.1</b>
<b>Total comprehensive income for the year</b>		<b>770.1</b>	<b>237.8</b>

## CONSOLIDATED BALANCE SHEET

as at 31 March 2022

ASSETS	Notes	31 March 2022 €m	31 March 2021 €m
<b>Non-current assets:</b>			
Property, plant and equipment	12	606.8	582.5
Intangible assets	13	681.6	654.7
Right-of-use assets	29	25.7	26.5
Derivative financial instruments	25	83.1	8.0
Net employee defined benefit asset	23	5.1	-
Deferred tax assets	11	25.3	27.4
		<b>1,427.6</b>	<b>1,299.1</b>
<b>Current assets:</b>			
Intangible assets	13	79.6	84.9
Inventories		4.7	4.5
Trade and other receivables	18	451.1	264.8
Derivative financial instruments	25	871.2	63.7
Other current financial assets	17	43.5	12.7
Cash and cash equivalents	19	420.9	216.5
		<b>1,871.0</b>	<b>647.1</b>
<b>TOTAL ASSETS</b>		<b>3,298.6</b>	<b>1,946.2</b>

LIABILITIES	Notes	31 March 2022 €m	31 March 2021 €m
<b>Current liabilities:</b>			
Trade and other payables	20	(728.2)	(392.4)
Income tax payable		(4.4)	(1.6)
Financial liabilities	21	(94.2)	(27.8)
Deferred income	22	(0.2)	(2.2)
Derivative financial instruments	25	(139.9)	(18.0)
		<b>(966.9)</b>	<b>(442.0)</b>
<b>Non-current liabilities:</b>			
Financial liabilities	21	(962.9)	(985.5)
Derivative financial instruments	25	(9.5)	(15.4)
Deferred income	22	(2.3)	-
Net employee defined benefit liabilities	23	-	(0.1)
Deferred tax liabilities	11	(158.7)	(32.6)
Provisions	24	(29.7)	(32.2)
		<b>(1,163.1)</b>	<b>(1,065.8)</b>
<b>TOTAL LIABILITIES</b>		<b>(2,130.0)</b>	<b>(1,507.8)</b>
<b>NET ASSETS</b>		<b>1,168.6</b>	<b>438.4</b>
<b>Equity</b>			
Share capital	26	-	-
Share premium		783.2	775.9
Retained earnings		(301.0)	(404.9)
Capital contribution reserve		2.7	42.4
Hedge reserve		681.4	30.7
Foreign currency translation reserve		2.3	(5.7)
<b>TOTAL EQUITY</b>		<b>1,168.6</b>	<b>438.4</b>

The financial statements were approved by the Board and authorised for issue on 1 June 2022.  
They were signed on its behalf by:

Ronald Schweizer  
Director  
Date: 1 June 2022

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Notes	Share capital €m	Share premium €m	Retained earnings €m	Capital contribution reserve €m	Hedge reserve €m	Foreign currency translation reserve €m	Total equity €m
<b>At 1 April 2020</b>		-	746.5	(490.0)	40.8	(65.6)	(31.2)	200.5
Exchange adjustment		-	29.4	(31.4)	1.6	0.4	-	-
Profit for the year		-	-	117.7	-	-	-	117.7
Other comprehensive (expense) / income		-	-	(1.3)	-	95.9	25.5	120.1
<b>Total comprehensive income</b>		-	29.4	85.0	1.6	96.3	25.5	237.8
Share-based payments	32	-	-	0.1	-	-	-	0.1
<b>At 31 March 2021</b>		-	775.9	(404.9)	42.4	30.7	(5.7)	438.4
Exchange adjustment		-	7.3	(8.2)	0.3	0.6	-	-
Profit for the year		-	-	108.7	-	-	-	108.7
Other comprehensive income		-	-	3.3	-	650.1	8.0	661.4
<b>Total comprehensive income</b>		-	7.3	103.8	0.3	650.7	8.0	770.1
Dividend paid	31	-	-	-	(40.0)	-	-	(40.0)
Share-based payments	32	-	-	0.1	-	-	-	0.1
<b>At 31 March 2022</b>			783.2	(301.0)	2.7	681.4	2.3	1,168.6



## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Notes	2022 €m	2021 €m
<b>Cash generated from operations before working capital movements</b>	27	<b>233.0</b>	<b>226.7</b>
<b>Working capital adjustments:</b>			
Increase in inventories		(0.2)	(1.8)
Increase in trade and other receivables		(188.9)	(45.0)
Increase in security deposits		(30.8)	(0.2)
Increase / (decrease) in trade and other payables		331.1	(47.3)
Effects of foreign exchange		(0.2)	(4.2)
		<b>344.0</b>	<b>128.2</b>
Interest received		0.1	0.1
Interest paid		(43.2)	(42.4)
		<b>(43.1)</b>	<b>(42.3)</b>
Income tax paid		(9.2)	(6.3)
<b>Net cash flows from operating activities</b>		<b>291.7</b>	<b>79.6</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

for the year ended 31 March 2022

	Notes	2022 €m	2021 €m
<b>Investing activities</b>			
Purchase of property, plant and equipment		(54.9)	(25.6)
Purchase of intangible assets		(227.2)	(197.0)
Proceeds from sale of intangible assets		229.1	167.3
Disposal of subsidiary, net of cash disposed		(0.2)	(0.2)
Receipt of government grants		0.3	1.5
Acquisition of subsidiaries	15	(28.0)	(0.1)
<b>Net cash flows used in investing activities</b>		<b>(80.9)</b>	<b>(54.1)</b>
<b>Financing activities</b>			
Proceeds from issue of borrowings		59.3	50.2
Repayment of borrowings		(23.5)	(43.4)
Dividend paid to parent undertaking		(40.0)	(40.0)
Issue costs of new long-term loans			(1.4)
Payment of principal portion of lease liabilities		(3.2)	(2.9)
<b>Net cash flows from financing activities</b>		<b>(7.4)</b>	<b>(37.5)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>203.4</b>	<b>(12.0)</b>
Net foreign exchange difference		1.0	7.7
Cash and cash equivalents at 1 April	19	216.5	220.8
<b>Cash and cash equivalents at 31 March</b>	19	<b>420.9</b>	<b>216.5</b>

## 1. CORPORATE INFORMATION

The consolidated financial statements of Energia Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Director on 1 June 2022. Energia Group Limited (the Company or the parent) is a limited company incorporated and domiciled in the Cayman Islands. The registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Group's operations and its principal activities are set out earlier in the Report on pages 8-9.

### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the financial statements of the Group for the year ended 31 March 2022.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration arising on business combinations and the assets of the Group's pension schemes that have been measured at fair value and the liabilities of the Group's pension schemes that are measured using the projected unit credit valuation method. The consolidated financial statements are presented in Euros with all values rounded to the nearest million (€m) except where otherwise indicated.

#### Going Concern

The Group's business activities, together with the principal risks and uncertainties likely to affect its future performance are described in the Strategic and Director's Report.

In assessing the appropriateness of the going concern basis of accounting, a detailed analysis of forecast future cashflows has been prepared by management. The forecasts were based on the key assumptions of fuel prices (applying forward curves for commodities) and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

Sensitivity analysis was undertaken in relation to the key assumptions to reflect the impact of higher commodity prices and reduced demand together with potential delays in customers paying their bills. In all scenarios tested the Group was shown to have sufficient financial headroom and was able to operate within the minimum EBITDA covenant contained within its Senior revolving credit facility.

Having considered the matters above, the Director has a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the signing of the financial statements and, therefore, continues to adopt the going concern basis in preparing the annual report and accounts.

### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) New and amended standards and interpretations**

Certain standards and amendments apply for the first time in this set of financial statements, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component

These amendments had no material impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

#### **(b) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of (i) the consideration transferred and measured at acquisition date fair value, and (ii) the amount of any non-controlling interests in the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the Income Statement in accordance with IFRS 9. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If a subsidiary is subsequently sold any goodwill arising on acquisition which has not been impaired is taken into account in determining the profit or loss on sale.

### **(c) Fair value measurement**

The Group measures financial instruments, such as derivatives, at each balance sheet date at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## **(d) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services provided in the normal course of business, exclusive of value added tax and other sales related taxes. The specific recognition criteria described below must also be met before revenue is recognised.

### **Renewable generation**

The key revenue streams derived from the Renewable generation businesses include the generation of electricity through wholly owned wind assets and third party contracted PPAs across the Island of Ireland together with the sale of ROCs generated from the assets in NI. Revenue in relation to electricity generation is recognised over time and is only recognised when the performance obligation is satisfied in line with IFRS 15. Revenue generated from the I-SEM is settled both weekly and monthly in line with market settlement timelines, while revenue generated from ROCs are recognised at a point in time and settled in line with contractual settlement terms.

### **Flexible generation**

Two key revenue streams are received by the Flexible Generation businesses Huntstown and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the I-SEM. Energy revenue is recognised based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the I-SEM. Units are based on energy volumes recorded by SEMO and these units are reconciled to the units recorded on the

plant systems to ensure accuracy. Revenue in relation to electricity generation is recognised over time and is only recognised when the performance obligation is satisfied in line with IFRS 15. Revenue generated from the I-SEM is settled both weekly and monthly in line with market settlement timelines.

### **Customer solutions**

Revenue is recognised on the basis of electricity and gas supplied during the period. This includes an assessment of electricity and gas supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns. Revenue for electricity and gas is recognised over time and only recognised when the performance obligation is satisfied in line with IFRS 15. Revenue recognised includes variable consideration in respect of estimated market resettlement. Electricity and gas revenues are invoiced on a monthly, bi-monthly and quarterly basis with standard credit terms of 14 days for residential customers. Credit terms for business customers vary by contract.

### **Contract balances**

#### **Contract assets (accrued income)**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligation by transferring goods or services to a customer and an invoice has not yet been raised, a contract asset is recognised for the earned consideration.

#### **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to financial assets accounting policies below.

### **Contract liabilities (payments on account)**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group has transferred goods or services to the customer, a contract liability is recognised when the payment is received. Contract liabilities are recognised as revenue when the Group performs its performance obligation.

## **(e) Taxation**

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable

that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised on temporary differences where they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

## **(f) Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

- Thermal generation assets 12 to 30 years
- Renewable generation assets 20 years
- Fixtures and equipment 5 to 25 years
- Vehicles and mobile plant 3 to 5 years

## (g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

## Emissions allowances, renewable and energy efficiency obligations

The Group recognises purchased CO<sub>2</sub> emissions allowances, ROCs and energy efficiency credits (EECs) initially at cost (purchase price) within intangible assets and subsequently written down to their recoverable amount at the balance sheet date should this be less than the purchase price.

Self-generated ROCs are initially recorded at fair value within intangible assets with a corresponding credit to energy costs in the income statement, and subsequently written down to their recoverable amount at the balance sheet date should this be less than the fair value on initial recognition. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit. Emission allowances, energy efficiency obligations and ROCs will be realised within twelve months.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed

the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation and the climate change levy is recognised based on the level of electricity supplied to customers. A liability for the energy efficiency obligation under the EEOS is recognised if energy saving minimum targets are not achieved by the end of the compliance period. Any such liability is recognised on the compliance date (31 December) and is calculated by reference to the relevant penalty rates for volumes not achieved.

#### **Computer software**

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the Director's estimate of its useful economic life which is between three and five years. The carrying value of computer software is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **Development assets**

Development assets arising from business combinations relate to value arising from the development of renewable projects which the Group believes will generate future economic benefits. Development assets are amortised from the date of commissioning of the renewable asset over its useful economic life which is twenty years.

At a point the project is no longer expected to reach construction the carrying amount of the project is impaired.

#### **Customer acquisition costs**

The incremental costs of obtaining a customer contract within the Customer Solutions businesses are capitalised and amortised on a basis that reflects the transfer of goods or services to the customer.

### **(h) Leases**

#### **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Leases of land and buildings generally have lease terms between 5 and 25 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. Right-of-use assets are subject to impairment.

#### **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.



The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

### **(i) Financial instruments - initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through the profit or loss. The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for management of financial assets refers to how it manages its financial assets in order to generate cash flows.



The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

## Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

## Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

This category generally applies to trade and other receivables. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount.

## Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when the rights to receive cash flows from the asset has expired.

## Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original

effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposure for which there has not been a significant increase in the credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applied a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognised a loss allowance based on the lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicated that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Interest income**

For all financial instruments measured at amortised cost, interest income is recorded using the EIR method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the income statement. This category generally applies to interest bearing loans and borrowings. This category also applies to trade and other payables which are not interest bearing and stated at their nominal amount.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

## (j) Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, contracts for differences and forward commodity contracts, to hedge its foreign currency risks, interest rate risks, electricity price risk and other commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IFRS 9 are recognised in the income statement as operating costs. Commodity contracts that are entered into and continue to be

held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

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

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the 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 or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes

in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges that meet the strict criteria for cash flow hedge accounting are accounted for, as described below:

### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in operating costs. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency and commodity contracts is recognised in operating costs.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability.

This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flows occur, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

### (k) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount

rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been

recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. The following assets have specific characteristics for impairment testing:

### Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### (l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term bank deposits with a maturity of less than three months.

### (m) Provisions

#### Decommissioning liability

Provision is made for estimated decommissioning costs at the end of the estimated useful lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are added to or deducted from the capitalised cost of the asset to which they relate. Capitalised decommissioning costs are depreciated over the estimated useful lives of the related assets. The unwinding of the discount is included within finance costs.

## **(n) Exceptional items and certain remeasurements**

As permitted by IAS 1 Presentation of Financial statements, the Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IFRS 9 where held for the Group's own use requirements. Certain remeasurements arising from IFRS 9 are disclosed separately to aid understanding of the underlying performance of the Group.

## **(o) Pensions and other post-employment benefits**

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method.

Pension remeasurements, comprising of actuarial gains and losses (excluding net interest), and the return on plan assets (excluding net interest), are recognised immediately in the balance

sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Pension remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating costs in the consolidated income statement:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Pension costs in respect of defined contribution arrangements are charged to the consolidated income statement as they become payable.

However, paragraph 64 of IAS 19 Employee Benefits (2011) limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' IFRIC 14 addresses the interaction between a minimum funding requirement and the limit placed by paragraph 64 of IAS 19 on the measurement of the defined benefit asset or liability.

When determining the limit on a defined benefit asset in accordance with IAS 19.64,



under IFRIC 14 entities are required to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan. The entity's intentions on how to use a surplus (for instance, whether the entity intends to improve benefits rather than reduce contributions or get a refund) must be disregarded.

Such economic benefits are regarded as available to an entity if the entity has an unconditional right to realise them at some point during the life of the plan or when the plan is settled, even if they are not realisable immediately at the balance sheet date. Such an unconditional right would not exist when the availability of the refund or the reduction in future contribution would be contingent upon factors beyond the entity's control (for example, approval by third parties such as plan trustees). To the extent the right is contingent, no asset would be recognised.

### **(p) Inventories**

Inventories are valued at the lower of average purchase price and net realisable value.

### **(q) Borrowing costs**

Borrowing costs directly attributable to qualifying assets are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

### **(r) Foreign currency translation**

The Group's consolidated financial statements are presented in Euro. Energia Group Limited's functional currency is sterling. For each entity the Group determines the functional currency and

items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the

transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

### **(s) Share-based payments**

Employees (senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 32.

That cost is recognised in employee benefits expense (note 9), together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within

the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and / or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

### **(t) Government grant**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset,

it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

### **(u) Significant accounting judgements, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and operating costs during the year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### **Exceptional items and certain remeasurements**

The Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements

arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IFRS 9 where held for the Group's own use requirements. Exceptional items and certain remeasurements have been outlined in note 7.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **Revenue recognition**

Revenue on energy sales include an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This will have been estimated by using historical consumption patterns. At the balance sheet date, the estimated consumption by customers will either have been billed or accrued (estimated unbilled revenue). Management apply judgement to the measurement of the quantum and valuation of the estimated consumption, including an estimate in respect of the impact of increased commodity prices as a result of the ongoing

geopolitical circumstances, that may impact the Group customers' ability to pay. At 31 March 2022 the level of unbilled revenue not recognised was €44.7m (2021 - €14.4m). The judgements applied and the assumptions underpinning these judgements are considered to be appropriate. However, for every 1% change in these assumptions the impact upon the amount of revenue recognised would be €1.7m. Revenue recognised in the period has been outlined in note 5.

### **Impairment testing**

The Group reviews the carrying amounts of its goodwill, other intangible assets and property, plant and equipment to determine whether there is any indication that the value of those assets is impaired. This requires an estimation of the value in use of the CGUs to which the assets are allocated which includes the estimation of future cash flows and the application of a suitable discount rate. Subsequent changes to these estimates or judgements may impact the carrying value of the assets within the respective CGUs. Impairment testing has been outlined in note 14.

### **Business combinations**

Business combinations require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based to a considerable extent on management's judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities with any unallocated portion being recorded as goodwill. Business combinations have been outlined in note 15.

### **Pensions and other post-employment benefits**

The Group has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit method. The key assumptions used in relation to the cost of providing post-retirement benefits are set after consultation with qualified actuaries. While these assumptions are considered to be appropriate, a change in these assumptions would impact the earnings of the Group. Pensions and other post-employment benefits have been outlined in note 23.

### **Credit provisions for trade receivables**

The Group applies the IFRS 9 simplified approach to calculate ECLs for trade receivables and uses a provision matrix. The matrix approach allows application of different rates to different groups of customers with similar characteristics. The provision matrix is initially based on the Group's historical observed default rates.

The Group then calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group has adjusted the ECL matrix for the forecast impact of increased commodity prices as a result of the ongoing geopolitical circumstances impacting the Group customers' both businesses and residential. Information on the ECLs on the Group's trade receivables and contract assets together with further detail relating to the adjustments is disclosed in note 18.

### **Provision for I-SEM resettlement**

The I-SEM market trading arrangements, which comprise a Day Ahead Market, Intra-Day Market and Balancing Market, experienced volatility

since the market commenced on 1 October 2018. The market has become more stable, with a number of fixes applied by the Market Operator, however the Group's energy purchase and supply businesses remain exposed to some energy price resettlement risks. As at 31 March 2022 the Market Operator has resettled these markets up to end November 2021 for M+4 resettlement and end February 2021 for M+13 resettlement in line with the expected market resettlement timetable of 4 months and 13 months after initial settlement. Further market fixes are required to be implemented before the market settlement solution can be considered fully aligned to the market code requirements, with a number of additional resettlements to occur ranging across the full 42-month period since the market commenced. The Group therefore continues to be exposed to potential price resettlements in the balancing market and estimates the level of resettlement that may be applied. These estimates are based on known market anomalies as discussed in industry forums and facts and circumstances known at the Balance Sheet date. Estimations are dependent on the resettlement approach taken by the market operator.

There is therefore a significant degree of judgement required in order to estimate the level of resettlement that will be applied. The current year estimate of c.3.5% (2021 – c.6%) of balancing market revenues is considered a reasonable estimate and is supported by actual resettlements seen in the market to date, and reflect the various fixes applied by the market operator during the past 12 months. Further to the balancing market resettlement exposures outlined above, reflecting inaccuracies and errors at inception in the market code, the Group maintains provisions for potential incremental resettlement exposures in respect of fixed cost charges.

A quantitative sensitivity analysis in relation to these key assumptions shows that, for every 1% increase or decrease in the percentage used in the resettlement provisions for balancing market exposures would be an increase or decrease to operating profit respectively of €3.0m and for a 5% movement in the provision relevant to fixed costs charges, the impact of this would be an increase or decrease to operating profit respectively of €0.3m.

### **(v) Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification



The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

#### **Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The Group is currently assessing the impact the amendments will have on current practice.

#### **Disclosure of Accounting Policies - Amendments to IAS 12**

On 7 May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (the

Amendments). The Board amended the standard to reduce diversity in the way that entities account for deferred tax on transactions and events, such as leases and decommissioning obligations, that lead to the initial recognition of both an asset and a liability.

The Amendments narrow the scope of the initial recognition exception under IAS 12 Income Taxes, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The Amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The Amendments apply to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The Group is currently assessing the impact.

#### **Definition of Accounting Estimates – Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after



1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The Group is currently assessing the impact.

### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

## **4. SEGMENTAL ANALYSIS**

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

### **(i) Renewables**

The Renewables business owns and operates 309MW of wind assets and purchases electricity from 1,282MW of renewable generation capacity throughout Ireland.

### **(ii) Flexible Generation**

Consists of electricity generation from the Group's two Huntstown CCGT plants together with the administration of the contracted generation capacity from the Ballylumford power station in NI under legacy generating unit agreements which were originally established in 1992 when the NI electricity industry was restructured.

### **(iii) Customer Solutions**

Consists of the competitive supply of electricity and gas to business and residential customers in the RoI through its brand Energia, together with the supply of electricity to residential and business customers in NI through its brand Power NI.

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The Group's Board monitors the operating results of its business units separately for the purpose of making decisions with regard to resource allocation and performance assessment.

The measure of profit used by the Board is pro-forma EBITDA which is operating profit before exceptional items and certain remeasurements (arising from certain commodity and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for over / (under) - recovery outlined in the segmental analysis below represents the amount by which the regulated businesses over / (under) - recovered against their regulated entitlement). The Board also monitors revenue on a regulated entitlement basis.

## (a) Revenue by segment

	2022 €m	2021 €m
Renewables	401.9	237.9
Flexible Generation	989.5	377.6
Customer Solutions	1,780.1	1,254.7
Inter-group eliminations	14.7	(5.5)
<b>Group segment revenue</b>	<b>3,186.2</b>	<b>1,864.7</b>
Adjustment for over – recovery:		
Flexible Generation	27.9	26.8
Customer Solutions	7.6	7.6
<b>Total adjustment for over – recovery</b>	<b>35.5</b>	<b>34.4</b>
<b>Total revenue</b>	<b>3,221.7</b>	<b>1,899.1</b>

The adjustment for over - recovery represents the amount by which the regulated businesses over - recovered against their regulated entitlement

## (b) Operating Profit

	2022 €m	2021 €m
<b>Segment Pro-Forma EBITDA</b>		
Renewables	211.5	66.9
Flexible Generation	104.0	61.7
Customer Solutions	(115.4)	65.5
<b>Group Pro-Forma EBITDA</b>	<b>200.1</b>	<b>194.1</b>
Adjustment for over - recovery	35.5	34.4
<b>Group EBITDA</b>	<b>235.6</b>	<b>228.5</b>
<b>Depreciation / amortisation</b>		
Renewables	(30.0)	(28.0)
Flexible Generation	(10.6)	(8.9)
Customer Solutions	(17.0)	(12.9)
<b>Group depreciation and amortisation</b>	<b>(57.6)</b>	<b>(49.8)</b>
<b>Operating profit pre-exceptional items and certain remeasurements</b>		
Renewables	181.5	38.9
Flexible Generation	93.4	52.8
Customer Solutions	(132.4)	52.6
<b>Group Pro-Forma operating profit</b>	<b>142.5</b>	<b>144.3</b>
Adjustment for over - recovery	35.5	34.4
<b>Operating profit pre-exceptional items and certain remeasurements</b>	<b>178.0</b>	<b>178.7</b>
<b>Exceptional items and certain remeasurements</b>		
Renewables	(27.9)	0.2
Flexible Generation	30.0	0.1
Customer Solutions	5.2	7.0
<b>Group operating profit post exceptional items and certain remeasurements</b>	<b>185.3</b>	<b>186.0</b>
Finance cost	(50.9)	(50.1)
Finance income	0.1	0.1
	<b>(50.8)</b>	<b>(50.0)</b>
<b>Profit on ordinary activities before tax</b>	<b>134.5</b>	<b>136.0</b>

### (c) Capital expenditure

Capital additions to property, plant and equipment	2022 €m	2021 €m
Renewables	16.7	20.2
Flexible Generation	39.0	6.9
Customer Solutions	1.1	1.1
<b>Total</b>	<b>56.8</b>	<b>28.2</b>
<b>Capital additions to intangible assets</b>		
Renewables	146.7	139.1
Flexible Generation	74.9	40.0
Customer Solutions	13.1	15.6
<b>Total</b>	<b>234.7</b>	<b>194.7</b>
<b>Capital additions to right-of-use assets</b>		
Renewables	2.1	-
Customer Solutions	0.6	0.1
<b>Total</b>	<b>2.7</b>	<b>0.1</b>

### (d) Geographic information

Non-current operating assets	2022 €m	2021 €m
UK	500.3	514.6
RoI	813.8	749.1
<b>Total</b>	<b>1,314.1</b>	<b>1,263.7</b>

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and right-of-use assets.

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

### 5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ending 31 March 2022:

2022	Renewables €m	Flexible Generation €m	Customer Solutions €m	Total €m
<b>Type of goods or service:</b>				
Supply of electricity and gas	-	-	1,771.8	1,771.8
Electricity generation	401.0	989.5	-	1,390.5
Other	0.9	-	8.3	9.2
Inter-group eliminations	-	22.4	(7.7)	14.7
<b>Group</b>	<b>401.9</b>	<b>1,011.9</b>	<b>1,772.4</b>	<b>3,186.2</b>
Adjustment for over - recovery	-	27.9	7.6	35.5
<b>Total revenue from contracts with customers</b>	<b>401.9</b>	<b>1,039.8</b>	<b>1,780.0</b>	<b>3,221.7</b>

The Group primarily offers standard payment terms to customers of 14 days from date of invoice.

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ending 31 March 2021:

2021	Renewables €m	Flexible Generation €m	Customer Solutions €m	Total €m
<b>Type of goods or service:</b>				
Supply of electricity and gas	-	-	1,253.5	1,253.5
Electricity generation	235.8	377.6	-	613.4
Other	2.1	-	1.2	3.3
Inter-group eliminations	-	(5.0)	(0.5)	(5.5)
<b>Group</b>	<b>237.9</b>	<b>372.6</b>	<b>1,254.2</b>	<b>1,864.7</b>
Adjustment for over - recovery	-	26.8	7.6	34.4
<b>Total revenue from contracts with customers</b>	<b>237.9</b>	<b>399.4</b>	<b>1,261.8</b>	<b>1,899.1</b>



## 5.1 Disaggregated revenue information (contd.)

<b>Geographical markets:</b>	<b>2022 €m</b>	<b>2021 €m</b>
UK	1,317.2	809.0
Rol	1,904.5	1,090.1
<b>Total revenue from contracts with customers</b>	<b>3,221.7</b>	<b>1,899.1</b>
<b>Timing of revenue recognition:</b>		
Transferred over time	3,079.7	1,786.3
Transferred at a point in time	142.0	112.8
<b>Total revenue from contracts with customers</b>	<b>3,221.7</b>	<b>1,899.1</b>

Trade receivables arising from contracts with customers are disclosed in note 18.

## 6. OPERATING COSTS

	2022 €m	2021 €m
Operating costs are analysed as follows:		
Energy costs	2,873.8	1,539.5
Employee costs	52.4	46.5
Depreciation and amortisation	57.7	49.8
Other operating charges	109.3	84.6
<b>Total pre-exceptional items and certain remeasurements</b>	<b>3,093.2</b>	<b>1,720.4</b>
Exceptional costs and certain remeasurements:		
Energy income	(1.2)	(6.1)
Depreciation, amortisation and impairment	(6.1)	-
Other operating income		(1.2)
<b>Total exceptional income and certain remeasurements</b>	<b>(7.3)</b>	<b>(7.3)</b>
<b>Total operating costs</b>	<b>3,085.9</b>	<b>1,713.1</b>

### 6.1 Depreciation, amortisation and impairment

	2022 €m	2021 €m
Depreciation	38.9	35.3
Amortisation of intangible assets	16.8	12.6
Amortisation of right-of-use assets	1.9	1.9
<b>Pre exceptional items</b>	<b>57.6</b>	<b>49.8</b>
Impairment of property, plant and equipment	(6.1)	-
<b>Post exceptional items</b>	<b>51.5</b>	<b>49.8</b>

## 7. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	2022 €m	2021 €m
<b>Exceptional items in arriving at profit from continuing operations:</b>		
Net impairment of property, plant and equipment <sup>1</sup>	6.1	-
Acquisition costs <sup>2</sup>	(1.1)	(0.3)
Release of contingent consideration <sup>3</sup>	1.1	1.5
	<b>6.1</b>	<b>1.2</b>
<b>Certain remeasurements in arriving at profit</b>		
Net profit on derivatives at fair value through operating costs <sup>4</sup>	1.2	6.1
	<b>1.2</b>	<b>6.1</b>
<b>Exceptional items and certain remeasurements before taxation</b>	<b>7.3</b>	<b>7.3</b>
Taxation on exceptional items and certain remeasurements	(3.8)	(0.8)
<b>Exceptional items and certain remeasurements after taxation</b>	<b>3.5</b>	<b>6.5</b>

The tax charge in the profit and loss account relating to exceptional items and certain remeasurements is:

	2022 €m	2021 €m
Fair valued derivatives through profit and loss	0.1	(0.8)
Net impairment of property, plant and equipment	(3.9)	-
	<b>(3.8)</b>	<b>(0.8)</b>

<sup>1</sup> Reversal of impairment of €30m in relation to the Huntstown 2 CCGT plant together with impairment charge in relation to the Huntstown bioenergy plant (€23.9m) as detailed further in note 12 below.

<sup>2</sup> Exceptional acquisition costs of €1.1m (2021 - €0.3m) relate to costs associated with acquisitions whether successful or unsuccessful.

<sup>3</sup> Release of contingent consideration of €1.1m (2021 - €1.5m) relates to a fair value adjustment to contingent consideration for renewable generation development projects.

<sup>4</sup> Net profit on derivatives at fair value through operating costs of €1.2m (2021 - €6.1m) relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

## 8. AUDITORS' REMUNERATION

The Group paid the following amounts to the Company's auditors or its associates in respect of the audit of the financial statements and for other services provided to the Group.

	2022 €'000	2021 €'000
Audit of these financial statements	47	47
Audit of subsidiaries pursuant to legislation	398	344
Other audit services		56
	<b>445</b>	<b>447</b>
Fees payable to the Company's auditor and its associates for other services:		
Audit related assurance services	9	15
Taxation compliance services	71	35
Taxation advisory services	107	170
<b>Total non-audit services</b>	<b>187</b>	<b>220</b>

## 9. EMPLOYEES

	2022 €m	2021 €m
Salaries	49.9	44.0
Social security costs	5.7	4.9
Pension costs		
- defined contribution plans	3.5	2.9
- defined benefit plans	0.6	0.5
	<b>59.7</b>	<b>52.3</b>
Less salaries capitalised in property, plant and equipment and intangible assets	(7.3)	(5.8)
<b>Charged to the income statement</b>	<b>52.4</b>	<b>46.5</b>

## 9. EMPLOYEES (CONTD.)

	Actual headcount at 31 March		Average during the year	
	Number 2022	Number 2021	Number 2022	Number 2021
Renewables	60	58	60	48
Flexible Generation	69	71	69	66
Customer Solutions	864	787	812	766
	<b>993</b>	<b>916</b>	<b>941</b>	<b>880</b>

### Director's emoluments

No amounts were paid to the Director in respect of qualifying services or long-term investment plans during the year (2021 - €nil).

Included in salary costs above is an amount of €0.1m (2021 - €0.1m) in relation to the Group's Management Investment Plan (see note 32).

## 10. FINANCE COSTS / INCOME

	2022 €m	2021 €m
<b>Finance costs</b>		
Interest on external bank loans and borrowings	(16.7)	(15.4)
Interest on senior secured notes	(26.5)	(26.0)
<b>Total interest expense</b>	<b>(43.2)</b>	<b>(41.4)</b>
Amortisation of financing charges	(3.4)	(3.1)
Unwinding of discount on decommissioning provision	(0.1)	(0.1)
Unwinding of discount on contingent consideration	(1.3)	(1.1)
Accretion of lease liability	(1.7)	(1.5)
Other finance charges	(0.5)	(0.7)
<b>Total other finance charges</b>	<b>(7.0)</b>	<b>(6.5)</b>
Net exchange loss on net foreign currency borrowings	(1.7)	(5.3)
Less interest capitalised in qualifying asset	1.0	3.1
<b>Total finance costs</b>	<b>(50.9)</b>	<b>(50.1)</b>
<b>Finance income</b>		
Interest income on bank deposits	0.1	0.1
<b>Total finance income</b>	<b>0.1</b>	<b>0.1</b>

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 3.5% (2021 – 5.5%).

## 11. INCOME TAX

The major components of the tax charge for the years ended 31 March 2022 and 2021 are as follows:

<b>Current tax:</b>	<b>Results before exceptional items and certain remeasurements 2022 €m</b>	<b>Exceptional items and certain remeasurements 2022 €m</b>	<b>Total 2022 €m</b>	<b>Results before exceptional items and certain remeasurements 2021 €m</b>	<b>Exceptional items and certain remeasurements 2021 €m</b>	<b>Total 2021 €m</b>
Current tax (charge) / income	(13.9)	0.1	(13.8)	(7.9)	(0.8)	(8.7)
Adjustments in respect of prior years	1.8		1.8	0.8	-	0.8
<b>Total current tax (charge) / income</b>	<b>(12.1)</b>	<b>0.1</b>	<b>(12.0)</b>	<b>(7.1)</b>	<b>(0.8)</b>	<b>(7.9)</b>
<b>Deferred tax:</b>						
Origination and reversal of temporary differences	(9.7)	(3.9)	(13.6)	(7.0)	-	(7.0)
Adjustments in respect of prior years	(0.6)		(0.6)	(3.4)	-	(3.4)
Effect of increased rate on opening liability	0.4		0.4	-	-	-
<b>Total deferred tax</b>	<b>(9.9)</b>	<b>(3.9)</b>	<b>(13.8)</b>	<b>(10.4)</b>	<b>-</b>	<b>(10.4)</b>
<b>Total taxation charge</b>	<b>(22.0)</b>	<b>(3.8)</b>	<b>(25.8)</b>	<b>(17.5)</b>	<b>(0.8)</b>	<b>(18.3)</b>

## Consolidated Statement of Other Comprehensive Income

	<b>2022 €m</b>	<b>2021 €m</b>
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Net gain on revaluation of cash flow hedges	(114.4)	(14.4)
Net (gain) / loss on remeasurement of defined benefit scheme	(0.4)	0.3
<b>Taxation debited to Other Comprehensive Income</b>	<b>(114.8)</b>	<b>(14.1)</b>



**The tax charge for the year can be reconciled to the profit per the Income Statement as follows:**

	2022 €m	2021 €m
Accounting profit before income tax	134.5	136.0
At the statutory income tax rate of 19% (2021 - 19%)	(25.6)	(25.8)
Non-taxable foreign exchange on debt	(0.2)	(1.0)
Utilisation of tax losses on which no deferred tax asset was recognised	3.7	2.3
Impairment of property, plant and equipment	(4.5)	-
Other	(4.1)	3.0
Effect of lower tax rates on overseas earnings	5.9	5.8
Impact of rate change on opening deferred tax balances	0.4	-
Difference in deferred tax rate versus current tax rate	(2.4)	-
Adjustments in respect of previous years	1.0	(2.6)
<b>Tax charge</b>	<b>(25.8)</b>	<b>(18.3)</b>

The deferred tax included in the balance sheet at 31 March 2022 and 2021 is as follows:

	Accelerated capital allowances €m	Losses available for offset against future taxable income €m	Loan interest €m	Pension obligation €m	Revaluation on cash flow hedges €m	Other €m	Total €m
<b>As At 1 April 2020</b>	<b>(13.8)</b>	<b>14.8</b>	<b>10.0</b>	<b>-</b>	<b>8.6</b>	<b>(0.8)</b>	<b>18.8</b>
(Charge) / credit to income statement	(4.6)	(0.4)	(7.2)	(0.3)	-	2.1	(10.4)
Credit / (charge) to equity	-	-	-	0.3	(14.4)	-	(14.1)
Foreign exchange	(0.3)	0.4	-	-	0.3	0.1	0.5
<b>As at 31 March 2021</b>	<b>(18.7)</b>	<b>14.8</b>	<b>2.8</b>	<b>-</b>	<b>(5.5)</b>	<b>1.4</b>	<b>(5.2)</b>
(Charge) / credit to income statement	(11.6)	3.5	(1.9)	(0.9)	-	(2.9)	(13.8)
Charge to equity	-	-	-	(0.4)	(114.4)	-	(114.8)
Foreign exchange	(0.1)	-	-	-	0.4	0.1	0.4
<b>As at 31 March 2022</b>	<b>(30.4)</b>	<b>18.3</b>	<b>0.9</b>	<b>(1.3)</b>	<b>(119.5)</b>	<b>(1.4)</b>	<b>(133.4)</b>

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 €m	2021 €m
Deferred tax assets	25.3	27.4
Deferred tax liabilities	(158.7)	(32.6)
<b>Net deferred tax liabilities</b>	<b>(133.4)</b>	<b>(5.2)</b>

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax of the Group.

An increase in the UK corporation rate from 19% to 25% (effective from 1 April 2023) was announced in the 2021 Budget. This planned increase in the UK corporation tax rate has been enacted in law before the balance sheet date and is therefore reflected in the deferred tax balances at 31 March 2022 where it is expected that the deferred tax will be realised at the 25% tax rate. The main UK corporation tax rate will remain at 19% until 1 April 2023, this rate has been applied to deferred tax balances at 31 March 2022 that are expected to be realised before 1 April 2023.

RoI deferred tax has been calculated at 12.5% as at 31 March 2022.

A deferred tax asset of €27.2m (2021 - €23.6m) has not been recognised in relation to €108.1m (2021 - €123.5m) of tax losses carried forward, and €1.8m (2021 - €5.1m) on other, due to uncertainty regarding the quantum of future taxable profits in the companies concerned.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Thermal generation assets €m	Renewable generation assets <sup>(i)</sup> €m	Freehold operational land €m	Fixtures and equipment €m	Total €m
<b>Cost or valuation:</b>					
<b>At 1 April 2020</b>	<b>478.5</b>	<b>557.1</b>	<b>17.4</b>	<b>23.2</b>	<b>1,076.2</b>
Exchange adjustment	-	11.6	-	0.6	12.2
Additions	6.7	20.2	-	1.3	28.2
Increase in decommissioning provision	4.6	5.8	-	-	10.4
Disposals	(5.9)	(0.1)	-	-	(6.0)
Reclassification	3.2	-	-	(3.2)	-
Acquisition of subsidiaries	-	1.2	-	-	1.2
<b>At 31 March 2021</b>	<b>487.1</b>	<b>595.8</b>	<b>17.4</b>	<b>21.9</b>	<b>1,122.2</b>
Exchange adjustment	0.2	3.0	-	0.2	3.4
Additions	30.5	16.6	8.1	1.6	56.8
Decrease in decommissioning provision	(2.0)	(0.7)	-	-	(2.7)
Disposals	(6.2)	(0.3)	-	-	(6.5)
Reclassification	-	-	-	0.6	0.6
Acquisition of subsidiaries	-	1.5	-	-	1.5
<b>At 31 March 2022</b>	<b>509.6</b>	<b>615.9</b>	<b>25.5</b>	<b>24.3</b>	<b>1,175.3</b>
<b>Depreciation and impairment:</b>					
<b>At 1 April 2020</b>	<b>429.2</b>	<b>65.7</b>	<b>-</b>	<b>12.8</b>	<b>507.7</b>
Exchange adjustment	-	2.1	-	0.5	2.6
Disposals	(5.9)	-	-	-	(5.9)
Reclassification	(0.5)	-	-	0.5	-
Depreciation charge for the year	8.5	24.6	-	2.2	35.3
<b>At 31 March 2021</b>	<b>431.3</b>	<b>92.4</b>	<b>-</b>	<b>16.0</b>	<b>539.7</b>
Exchange adjustment	-	0.7	-	0.1	0.8
Impairment (reversal) / charge <sup>(ii)</sup>	(30.0)	23.9	-	-	(6.1)
Disposals	(5.0)	-	-	-	(5.0)
Reclassification	-	-	-	0.2	0.2
Depreciation charge for the year	10.1	26.3	-	2.5	38.9
<b>At 31 March 2022</b>	<b>406.4</b>	<b>143.3</b>	<b>-</b>	<b>18.8</b>	<b>568.5</b>
<b>Net book value:</b>					
At 1 April 2020	49.3	491.4	17.4	10.4	568.5
At 31 March 2021	55.8	503.4	17.4	5.9	582.5
<b>At 31 March 2022</b>	<b>103.2</b>	<b>472.6</b>	<b>25.5</b>	<b>5.5</b>	<b>606.8</b>

- (i) Included in renewable generation assets are amounts in respect of assets under construction amounting to €571m (2021 - €61.3m) and capitalised interest during the year of €1.0m (2021 - €3.1m). Included in thermal generation assets are amounts in respect of assets under construction amounting to €21.6m (2021 - €3.3m).

The renewable generation assets of the specific project finance companies are given as security against the project finance facilities.

- (ii) An impairment charge was recognised in 2018 of €140.3m in respect of the Huntstown Plants (Flexible Generation) following the introduction of the I-SEM market and resultant uncertainty on the plants' future. An impairment review has been carried out to determine if a further impairment exists or a reversal of the 2018 impairment has occurred. The review compared the net present value (NPV) of future cashflows (VIU) using a pre-tax discount rate of 8.6% (2021 - 8.1%) to their Net Book Value (NBV) at 31 March 2022. The VIU was calculated at €93.7m which resulted in a partial impairment reversal of €30m reflecting the plants success in obtaining capacity contracts to September 2026 and following the replacement of the Huntstown 2 transformer during the year. Forecasted cashflows for the plants contained within the Group's five-year business plan are based on forecasted running profiles, forward fuel prices, projected operating costs and capital expenditure. The resultant fair value determined is considered to fall within level 3 of the fair value hierarchy as set out in IFRS 13 - Fair Value Measurement.

An impairment review has been carried out in respect of the Huntstown Bioenergy plant (Renewables) as the plant has experienced significant delays and has not been able to demonstrate that it can meet the technical and performance parameters required. Various technical solutions are being assessed to alleviate the issues and have been factored into the forecasted cashflows for the plant. The review compared the NPV of future cashflows using a pre-tax discount rate of 8.6% (2021 - 8.1%) to its NBV at 31 March 2022 which resulted in an impairment charge of €23.9m based on a VIU of €32.0m. The resultant fair value determined is considered to fall within level 3 of the fair value hierarchy as set out in IFRS 13 - Fair Value Measurement.

### 13. INTANGIBLE ASSETS

	Software costs €m	Customer acquisition costs €m	Renewable development assets €m	Emission Allowances, Energy Efficiency Credits & ROCs €m	Goodwill €m	Total €m
<b>Cost: At 1 April 2020</b>	<b>80.9</b>	<b>14.8</b>	<b>70.2</b>	<b>68.0</b>	<b>524.6</b>	<b>758.5</b>
Exchange adjustment	2.5	-	1.7	3.5	20.5	28.2
Additions	11.7	2.3	-	180.7	-	194.7
Disposals/surrenders in settlement of obligations	-	-	-	(167.3)	-	(167.3)
Acquisition of subsidiaries	-	-	0.5	-	-	0.5
<b>At 31 March 2021</b>	<b>95.1</b>	<b>17.1</b>	<b>72.4</b>	<b>84.9</b>	<b>545.1</b>	<b>814.6</b>
Exchange adjustment	0.7	-	0.4	0.2	5.1	6.4
Additions	8.8	2.5	-	223.4	-	234.7
Disposals/surrenders in settlement of obligations	-	-	-	(229.1)	-	(229.1)
Gain on revaluation	-	-	-	0.2	-	0.2
Reclassification	(0.8)	(3.7)	-	-	-	(4.5)
Acquisition of subsidiaries	-	-	27.2	-	-	27.2
<b>At 31 March 2022</b>	<b>103.8</b>	<b>15.9</b>	<b>100.0</b>	<b>79.6</b>	<b>550.2</b>	<b>849.5</b>
<b>Amortisation:</b>						
<b>At 1 April 2020</b>	<b>43.0</b>	<b>11.0</b>	<b>4.8</b>	<b>-</b>	<b>1.6</b>	<b>60.4</b>
Exchange adjustment	1.7	-	0.3	-	-	2.0
Amortisation	7.6	2.7	2.3	-	-	12.6
<b>At 31 March 2021</b>	<b>52.3</b>	<b>13.7</b>	<b>7.4</b>	<b>-</b>	<b>1.6</b>	<b>75.0</b>
Exchange adjustment	0.5	-	0.1	-	-	0.6
Reclassification	(0.3)	(3.8)	-	-	-	(4.1)
Amortisation	11.8	2.4	2.6	-	-	16.8
<b>At 31 March 2022</b>	<b>64.3</b>	<b>12.3</b>	<b>10.1</b>	<b>-</b>	<b>1.6</b>	<b>88.3</b>
<b>Net book value:</b>						
At 1 April 2020	37.9	3.8	65.4	68.0	523.0	698.1
At 31 March 2021	42.8	3.4	65.0	84.9	543.5	739.6
<b>At 31 March 2022</b>	<b>39.5</b>	<b>3.6</b>	<b>89.9</b>	<b>79.6</b>	<b>548.6</b>	<b>761.2</b>

- (i) Included in Emission Allowances, Energy Efficiency Credits and ROCs at 31 March 2022 is an amount of €10.2m (2021 - €9.7m) relating to self-generating ROCs which were initially recognised at fair value of €10.2m (2021 - €9.7m). ROCs are a current asset.

Intangible assets have been analysed as current and non-current as follows:

	2022 €m	2021 €m
Current	79.6	84.9
Non-current	681.6	654.7
	<b>761.2</b>	<b>739.6</b>

## 14. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

The carrying amount of the Group's goodwill has been allocated to the following CGUs:

CGU	2022 €m	2021 €m
Customer Solutions - Energia	399.2	395.4
Customer Solutions - Power NI	149.4	148.1
<b>Total goodwill</b>	<b>548.6</b>	<b>543.5</b>

The recoverable amount of the Energia and Power NI Customer Solutions CGUs has been determined based on a value-in-use calculation using five year cash flow projections together with a long-term growth rate of 2% applied thereafter. The Group's projections are based on past experience and reflect the Group's forward view of market prices, risks and its strategic objectives. The recoverable amount is compared to the carrying amount of the CGU to determine whether the CGU is impaired.

### Key assumptions used in value-in-use calculations Discount rates

The pre-tax discount rate used in the calculation of the value-in-use for the CGUs was between 8.3% and 8.8% (2021 – 7.8% and 8.3%) reflecting management's estimate of the Weighted Average Cost of Capital (WACC) post-tax rate required to assess operating performance and to evaluate future capital investment proposals. These rates reflect market projections of the risk-free rate in the jurisdictions in which the Group operates, equity risk premiums and the cost of debt appropriate to the industry.

### **Energia Customer Solutions CGU**

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- (i) Retail supply revenues for electricity and gas are based on the expected market share derived from the market share at the time of the approval of the business model adjusted for forecasted growth. Growth in business customer numbers is modest and growth in respect of residential supply is modest with cash flows associated with increased customer service and customer acquisition incorporated accordingly; and
- (ii) Retail supply margins are based on historic and projected gross margin percentages.

### **Power NI Customer Solutions CGU**

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- (i) Regulated revenues and margins are underpinned by the regulatory price control in place to 31 March 2023;
- (ii) Customer attrition is assumed, however the nature of the price control with regulated entitlement 70% fixed and 30% variable reduces the impact of customer losses; and
- (iii) Unregulated retail supply margins for business customers are based on historic and projected gross margin percentages.

### **Outcome of Tests**

The recoverable amount of both the Energia and Power NI Customer Solutions CGUs exceeded the respective carrying values at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonably possible changes in the key assumptions applied in assessing the value-in-use would not cause a change to the conclusion reached.



## 15. BUSINESS COMBINATIONS AND DISPOSALS

### Acquisitions in 2022

On 27 May 2021, the Group completed the acquisition of the entire issued share capital of Drumlins Park Limited (Drumlin), a 49MW wind farm development project in County Monaghan.

On 11 March 2022, the Group completed the acquisition of the entire issued share capital of Gaofar Limited (Ballylongford), a 25MW wind farm development project in County Kerry.

### Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of the wind farms acquired was:

	Drumlins Park Limited €m	Gaofar Limited €m	Fair value recognised on acquisitions in the year ended 31 March 2022 €m
Assets			
Fixed assets - development costs	0.6	0.9	1.5
	0.6	0.9	1.5
Liabilities			
Other payables	(0.3)	(0.3)	(0.6)
Accruals	-	(0.4)	(0.4)
Contingent liability	-	(0.2)	(0.2)
Shareholder loan	(1.7)	-	(1.7)
Total identifiable net liabilities at fair value	(2.0)	(0.9)	(2.9)
Intangible assets (development assets) arising on acquisition	26.5	0.7	27.2
<b>Purchase consideration transferred</b>	<b>25.1</b>	<b>0.7</b>	<b>25.8</b>
Purchase consideration made up of:			
Cash	25.1	0.7	25.8
	25.1	0.7	25.8
<b>Analysis of cash flows on acquisition:</b>			
Cash	25.1	0.7	25.8
Discharge of liabilities	2.0	0.3	2.3
<b>Net cash flows on acquisition</b>	<b>27.1</b>	<b>1.0</b>	<b>28.1</b>

Transaction costs of €0.7m were expensed in the year ended 31 March 2022. Drumlins and Ballylongford are not operational and are currently under development.

## 16. GROUP INFORMATION

Principal investments in which the Group held 100% of ordinary shares at 31 March 2022 are listed below:

Name	Principal Activities	Country of incorporation
<b>Regulated businesses</b>		
Power NI Energy Limited <sup>*1</sup>	Power procurement and supply of electricity	Northern Ireland
<b>Renewables</b>		
Energia Renewables Company 1 Limited *	Holding company	Northern Ireland
Energia Renewables Company 2 Limited *	Holding company	Northern Ireland
Energia Renewables Company 3 Limited *	Holding company	Northern Ireland
Energia Renewables Company 4 Limited *	Holding company	Northern Ireland
Altamuskin Windfarm Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Clondermot Wind Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Eshmore Ltd <sup>*2</sup>	Renewable generation	Northern Ireland
Gortfinbar Windfarm Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Long Mountain Wind Farm Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Mosslee Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Thornog Windfarm Ltd <sup>*2</sup>	Renewable generation	Northern Ireland
Wheelhouse Energy (NI) Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Cornavarrow Windfarm Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Slieveglass Wind Farm Limited *	Renewable generation	Northern Ireland
Teiges Mountain Wind Farm Limited <sup>*2</sup>	Renewable generation	Northern Ireland
Lisglass Wind Ltd *	Renewable development	Northern Ireland
Dargan Road Biogas Limited *	Renewable development	Northern Ireland
Pigeon Top Wind Farm Limited *	Renewable development	Northern Ireland
Energia Hydrogen Limited *	Renewable development	Northern Ireland
Energia Renewables Development Limited *	Holding company	Republic of Ireland
Energia Renewables ROI Limited *	Holding company	Republic of Ireland
Energia Bioenergy Limited *	Holding company	Republic of Ireland
Holyford Windfarm Limited <sup>*2</sup>	Renewable generation	Republic of Ireland
Windgeneration Ireland Limited <sup>*2</sup>	Renewable generation	Republic of Ireland
Derrysallagh Wind Farm Limited <sup>*2</sup>	Renewable generation	Republic of Ireland
Whaplode Limited *	Renewable development	Republic of Ireland
Huntstown Bioenergy Limited <sup>*2</sup>	Renewable development	Republic of Ireland
Coolberrin Wind Limited *	Renewable development	Republic of Ireland
XMR Energy Limited *	Renewable development	Republic of Ireland
Derrysallagh Supply Limited *	Renewable supply	Republic of Ireland
Seven Hills Wind Limited *	Renewable development	Republic of Ireland
Energia Solar Holdings Limited *	Holding Company	Republic of Ireland
Solar Farmers Limited *	Renewable development	Republic of Ireland
Energia Offshore Wind Limited *	Renewable development	Republic of Ireland
Drumlins Park Limited *	Renewable development	Republic of Ireland
Gaofar Limited *	Renewable development	Republic of Ireland

<b>Flexible Generation</b>		
Power and Energy Holdings (ROI) Limited *	Holding company	Republic of Ireland
Huntstown Power Company Limited *	Electricity generation	Republic of Ireland
Energia Power Generation Limited *	Electricity generation	Republic of Ireland
GenSys Power Limited (trading as GenSys) *	Operating and maintenance services	Republic of Ireland
Energia Data Centre Limited *	Data centre development	Republic of Ireland
Energia NI Storage Limited *	Holding company	Northern Ireland
Belfast Energy Storage Company Limited *	Battery storage development	Northern Ireland
<b>Customer Solutions</b>		
Energia Customer Solutions NI Limited *	Service Company	Northern Ireland
Energia Customer Solutions Limited *	Energy supply	Republic of Ireland
<b>Other</b>		
Energia Group RoI Holdings DAC *	Holding company	Republic of Ireland
Energia Group NI Holdings Limited *	Holding company	Northern Ireland
Energia NI Holdco Limited *	Holding company	Northern Ireland
Energia Group NI FinanceCo plc *	Financing company	Northern Ireland
Energia Group Fundco I Limited	Holding company	Cayman Islands
Energia Group Fundco II Limited *	Holding company	Cayman Islands
Energia Group Fundco III Limited *	Holding company	Cayman Islands
EI Ventures Limited *	Holding company	Great Britain
ElectricInvest Acquisitions Limited *	Holding company	Great Britain
ElectricInvest Holding Company Limited *	Holding company	Great Britain
ElectricInvest (Lux) RoI S.à.r.l. *	Holding company	Grand Duchy of Luxembourg
Energia Capital Limited *	Holding company	Northern Ireland
Viridian Enterprises Limited *	Holding company	Northern Ireland
Energia Properties Limited *	Property	Northern Ireland
Energia Group Insurance Limited *	Insurance	Isle of Man
Choices Pensions Scheme *	Dormant company	Republic of Ireland
Energia Power Resources Limited *	Dormant company	Great Britain

\* held by a subsidiary undertaking

1 consists of the operating businesses of Power NI and PPB

2 entities with project finance facilities with restricted cash which are subject to bi-annual distribution debt service requirements

The parent undertaking of the Company is Energia Group TopCo Limited, a company incorporated in the Cayman Islands. Energia Group TopCo Limited is majority owned by ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman

Islands. ISQ Viridian Holdings L.P. is owned by the ISQ Global Infrastructure Fund (the Fund) and ISQ Viridian Co-Invest L.P., a co-investment vehicle for the Fund. The Fund is managed by I Squared Capital.

## 17. OTHER FINANCIAL ASSETS

	2022 €m	2021 €m
<b>Other financial assets</b>		
Financial assets at amortised cost:		
Security deposits	42.1	11.3
Short-term managed funds	1.4	1.4
<b>Total other financial assets</b>	<b>43.5</b>	<b>12.7</b>
<b>Total non-current</b>		-
<b>Total current</b>	<b>43.5</b>	<b>12.7</b>

Financial assets held at amortised costs are held to maturity and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk

of the counterparties. Security deposits relate primarily to collateral posted in the I-SEM market which are of a short-term nature and therefore no ECL provision has been recognised.

## 18. TRADE AND OTHER RECEIVABLES

	2022 €m	2021 €m
Trade receivables (including unbilled consumption)	299.0	209.6
Contract assets (accrued income)	182.1	60.2
Prepayments	4.3	4.5
Other receivables	3.9	14.5
	<b>489.3</b>	<b>288.8</b>
Allowance for expected credit losses	(38.2)	(24.0)
	<b>451.1</b>	<b>264.8</b>

Trade receivables are non-interest bearing and are generally on terms of 14 to 90 days.

As at 31 March 2022, the Group has contract assets (accrued income) of €182.1m (2021 - €60.2m) which are expected to be settled in the next financial year. Contract assets (accrued income) settled in the current year amounted to €60.2m (2021 - €30.2m). Contract assets primarily relate

to the REFIT support scheme and I-SEM market revenues which are settled in accordance with market timelines and therefore the allowance for expected credit losses on these are €nil (2021 - €nil). Trade receivables are significantly higher than prior year due to higher tariffs reflecting higher commodity prices.

See below for the movements in the provision for impairment of receivables.

	€m
<b>At 1 April 2020</b>	<b>23.9</b>
Foreign exchange adjustment	0.5
Provision for expected credit losses	2.1
Write off	(2.5)
<b>At 31 March 2021</b>	<b>24.0</b>
Foreign exchange adjustment	0.1
Provision for expected credit losses	15.2
Write off	(1.1)
<b>At 31 March 2022</b>	<b>38.2</b>

As at 31 March, the ageing analysis of trade receivables is as follows:

	2022				2021			
	Gross amount receivable €m	Allowance for expected credit losses €m	Net amount receivable €m	ECL %	Gross amount receivable €m	Allowance for expected credit losses €m	Net amount receivable €m	ECL %
Current	186.1	(7.1)	179.0	3.8	121.6	(4.0)	117.6	3.3
< 30 days	68.8	(11.9)	56.9	17.3	53.2	(7.0)	46.2	13.1
31 - 60 days	19.0	(4.8)	14.2	25.3	13.2	(2.5)	10.7	18.9
61 - 90 days	9.6	(3.4)	6.2	35.4	7.6	(1.9)	5.7	24.6
> 90 days	15.5	(11.0)	4.5	71.0	14.0	(8.6)	5.4	61.9
<b>Total</b>	<b>299.0</b>	<b>(38.2)</b>	<b>260.8</b>	<b>12.7</b>	<b>209.6</b>	<b>(24.0)</b>	<b>185.6</b>	<b>11.4</b>

The credit quality of trade receivables that are current is assessed by reference to external credit ratings where available otherwise historical information relating to counterparty default rates combined with current knowledge of the counterparty is used.

An increase in the Groups allowance for expected credit losses has been applied reflecting the geopolitical risks which have impacted world commodity prices, given rise to tariff increases, higher inflation and potential economic downturn. The resulting impact that these factors could have on the Group trade receivables is described below.

#### Commercial customers

A detailed assessment of the Group's commercial customer base in both jurisdictions of NI and RoI has been carried out. In the first instance those customers with delayed payment terms have been provided for specifically in line with standard practice. Following this, initial assessment risk ratings of high, medium and low are assigned to customer balances reflecting their specific sectoral risk. Sectors which have been

considered high risk include, non-essential retail, hospitality leisure and construction. A matrix has been applied consistent with last year in relation to medium and low risk customer sectors. Using this analysis in conjunction with a risk weighting applied to each risk level combined with higher billing as a result of increased prices associated with higher commodity prices, provisions have increased by €8.9m above 2021 levels.

#### Residential customers

As with commercial customers in the first instance those customers outside specific payment terms and certain collection characteristics are provided for specifically in line with standard practice. Further to this an analysis of the Group's residential customers receivables has been carried out, with customer insight profiling being used to establish the mix of customer groups that are represented in the Group's portfolio of residential customers. Using this analysis in conjunction with a risk weighting applied to each risk level, high, medium and low reflecting the specific probability of non-payment, combined with the impact of tariff increases reflecting increased commodity prices



have resulted in an increase in provisions by €5.4m above 2021 levels applied on both billed and unbilled (consumption of up to three months in NI which have not yet billed in line with normal billing cycles) receivable amounts.

This results in the total ECL at 31 March 2022 of 12.7% of gross receivables or €38.2m (2021 – 11.4%, €24.0m). For commercial customers the ECL provision is 1% - 100% depending

on the low / medium / high classification and for residential customers 5% - 45%. A sensitivity analysis in relation to the ECL rate for commercial shows an increase or decrease in the assumed provision by 5% would result in an increase or decrease in the ECL of €2.9m and for residential for every 1% increase or decrease in the assumed provision would result in an increase or decrease in the ECL of €0.5m.

## 19. CASH AND CASH EQUIVALENTS

	2022 €m	2021 €m
Cash at bank and on hand	300.9	163.7
Short-term bank deposits	120.0	52.8
	<b>420.9</b>	<b>216.5</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 March 2022, the Group had available €109.0m (2021 - €109.2m) of undrawn committed borrowing facilities relating to the Senior revolving credit facility and no undrawn committed

borrowing facilities relating to the project finance facilities (2021 - nil). There were €59.3m cash drawings under the Senior revolving credit facility at 31 March 2022 (2021 - €nil). €53.0m (2021 - €37.9m) of cash was restricted in the project financed wind farms and is subject to bi-annual distribution debt service requirements.

## 20. TRADE AND OTHER PAYABLES

	2022 €m	2021 €m
Trade creditors	143.6	84.9
Other creditors	123.8	53.6
Contract liabilities (payments on account)	43.1	36.1
Tax and social security	13.8	10.0
Accruals	403.9	207.8
	<b>728.2</b>	<b>392.4</b>

Trade creditors are non-interest bearing and are normally settled within 45-day terms. Contract liabilities relate to payments on account from customers for the supply of electricity.

The amounts included in contract liabilities are current in nature and are recognised in revenue within 12 months.

## 21. FINANCIAL LIABILITIES

	2022 €m	2021 €m
<b>Current financial liabilities:</b>		
Senior revolving credit facility	59.3	-
Project financed bank facilities (NI)	11.1	11.0
Project financed bank facilities (RoI)	13.6	12.4
Project finance interest accruals		0.1
Senior secured notes interest payable	1.2	1.2
Other interest payable	0.9	0.6
Contingent consideration	6.5	0.9
Lease liability	1.6	1.6
<b>Total current financial liabilities</b>	<b>94.2</b>	<b>27.8</b>
<b>Non-current financial liabilities:</b>		
Senior secured notes €350m (2025)	346.8	346.0
Senior secured notes £225m (2024)	264.7	261.5
Project financed bank facilities (NI)	178.2	188.0
Project financed bank facilities (RoI)	130.7	141.9
Contingent consideration	10.4	15.8
Contingent liability	0.2	-
Lease liability	31.9	32.3
<b>Total non-current financial liabilities</b>	<b>962.9</b>	<b>985.5</b>
<b>Total current and non-current financial liabilities</b>	<b>1,057.1</b>	<b>1,013.3</b>

The carrying value of the Senior secured notes includes unamortised costs of €5.2m (2021 - €6.7m).

The Senior secured notes (2024) are denominated in Sterling £225.0m (Sterling notes) and the Senior secured notes (2025) are denominated in Euro €350.0m (Euro notes). Interest, which is payable semi-annually, is charged at a fixed

rate coupon of 4.75% for the Sterling notes and 4.0% for the Euro notes. The Sterling notes are repayable in one instalment on 15 September 2024 and the Euro notes are repayable in one instalment on 15 September 2025.

At 31 March 2022, the Group had letters of credit issued out of the Senior revolving credit facility of €193.3m (31 March 2021 - €155.0m) resulting

in undrawn committed facilities of €109.0m (31 March 2021 - €109.2m). There were €59.3m cash drawings under the Senior revolving credit facility at 31 March 2022 (31 March 2021 - €nil). Interest is charged under the Senior revolving credit facility at floating interest rates based on Sonia and Euribor.

### Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2035 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 3.62% (2021 - 3.71%) on project financed bank facilities NI and 2.41% (2021 - 3.05%) on the project financed bank facilities RoI.

### Contingent consideration

Contingent consideration of €16.9m (31 March 2021 - €16.7m) relates to the acquisition of various renewable development projects (onshore wind, bioenergy and solar) and represents the present value of the maximum amount payable with the minimum amount payable being €nil. Payment is contingent on various project milestones being met, primarily the construction and commissioning of the plant, with €6.5m expected to be paid in 2022/23 and the remaining €10.4m paid by 2025/26.

### Contingent liability

Contingent liability of €0.2m (31 March 2021 - €nil) relates to the Ballylongford renewable development project and represents the present value of the maximum amount payable with the minimum amount being €nil. Payment is contingent on the project milestone being met.

## 22. DEFERRED INCOME

	2022 €m	2021 €m
<b>At 1 April</b>	<b>2.2</b>	<b>0.7</b>
Capital grants received	0.3	1.5
<b>At 31 March</b>	<b>2.5</b>	<b>2.2</b>
<b>Total non-current</b>	<b>2.3</b>	<b>-</b>
<b>Total current</b>	<b>0.2</b>	<b>2.2</b>

The deferred income relates to grants provided by the Office for Low Emission Vehicles (OLEV) and Interreg Europe in respect of certain property, plant and equipment assets.

## 23. PENSIONS AND OTHER POST- EMPLOYMENT BENEFIT PLANS

	2022 €m	2021 €m
<b>Net employee defined benefit asset / (liability) (before deferred tax)</b>	<b>5.1</b>	<b>(0.1)</b>

The EGNIPS has two sections: a money purchase section (known as 'Options') and a defined benefit section (known as 'Focus'). The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of the EGNIPS Options or Choices.

The assets of the Focus section are held under trust and invested by the trustees on the advice of professional investment managers.

The regulatory framework in the UK requires the Trustees and the Group to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Group that adverse experience could lead to a requirement for the Group to make further contributions to recover any deficit.

The Trustees regularly review the investment strategy of EGNIPS and the target mix of investments was between 45% on-risk and 55% off-risk at 31 March 2022.

The last actuarial valuation of the EGNIPS was as at 31 March 2021 and under the terms of the recovery plan agreed with the Trustees, the Group will make good the €7.6m funding shortfall through annual deficit repair contributions of €1.5m for five years to 31 March 2026 and €0.5m in the year ending 31 March 2027. The first annual deficit repair contribution made under the recovery plan was paid in the year ended 31 March 2022.

Governance of EGNIPS and Choices is the responsibility of the trustees of each of the schemes.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the balance sheet for the EGNIPS.

### EGNIPS Focus Section

Changes in the defined benefit obligation, fair value of Focus assets and unrecognised past service costs are as follows:

	2022 €m	2021 €m
<b>Market value of assets at 1 April</b>	<b>66.3</b>	<b>57.3</b>
Interest income	1.3	1.3
Contributions from employer	2.0	2.1
Contributions from scheme members	0.1	0.1
Benefits paid	(3.0)	(5.4)
Return on plan assets (excluding amounts in the net interest expense)	1.0	8.4
Foreign exchange	0.6	2.5
<b>Market value of assets at 31 March</b>	<b>68.3</b>	<b>66.3</b>
<b>Actuarial value of liabilities at 1 April</b>	<b>66.4</b>	<b>57.3</b>
Interest cost	1.3	1.3
Current service cost	0.6	0.5
Contributions from scheme members	0.1	0.1
Benefits paid	(3.0)	(5.4)
Actuarial (gain) / loss arising from changes in financial assumptions	(3.0)	9.5
Actuarial loss from experience		0.5
Actuarial loss from demographic assumptions	0.3	-
Foreign exchange	0.5	2.6
<b>Actuarial value of liabilities at 31 March</b>	<b>63.2</b>	<b>66.4</b>
<b>Net pension asset / (liability)</b>	<b>5.1</b>	<b>(0.1)</b>
<b>Analysis of amounts recognised in employee costs:</b>		
Current service cost	(0.6)	(0.5)
	<b>(0.6)</b>	<b>(0.5)</b>
<b>Analysis of amounts recognised in other comprehensive income:</b>		
Return on plan assets (excluding amounts in the net interest expense)	1.0	8.4
Actuarial gain /(loss) arising from changes in assumptions	3.0	(10.0)
Actuarial loss from the change in demographic assumptions	(0.3)	-
	<b>3.7</b>	<b>(1.6)</b>

In accordance with IFRIC 14 – “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” €nil (2021 - €nil) has been recognised in 2022.

The actual return in Focus assets for 2022 amounted to €2.3m (2021 – €9.7m).

The major categories of Focus assets of the fair value of the total plan assets are as follows:

	2022 €m	2021 €m
Unquoted investments:		
Equity investments	13.5	19.2
Bonds	42.2	33.9
Other	12.6	13.2
<b>Total assets</b>	<b>68.3</b>	<b>66.3</b>

The principal assumptions used in determining pension and post-employment medical benefit obligations for the EGNIPS Focus are shown below:

	2022	2021
Rate of increase in pensionable salaries	5.2% p.a.	3.4% p.a.
Rate of increase in pensions in payment	3.4% p.a.	2.9% p.a.
Discount rate	2.8% p.a.	2.1% p.a.
Inflation assumption (based on CPI)	3.4% p.a.	2.9% p.a.
Life expectancy:		
- current pensioners (at age 60) – males	27.4 years	27.0 years
- current pensioners (at age 60) – females	30.1 years	29.1 years
- future pensioners (at age 60) – males	28.9 years	28.5 years
- future pensioners (at age 60) – females	31.5 years	30.7 years

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future changes in life expectancy.



A quantitative sensitivity analysis for significant assumptions as at 31 March is as shown below:

Assumptions	Sensitivity level	2022 €m	2021 €m
Pensionable salaries	1% increase	0.5	0.7
	1% decrease	(0.5)	(0.6)
Pension payments	0.5% increase	5.3	5.8
	0.5% decrease	(4.8)	(5.2)
Discount rate	0.5% increase	(4.9)	(5.4)
	0.5% decrease	5.5	6.1
Inflation	1% increase	11.7	12.9
	1% decrease	(9.0)	(9.4)
Life expectancy of male pensioners	Increase by 1 year	1.3	1.4
	Decrease by 1 year	(1.3)	(0.8)
Life expectancy of female pensioners	Increase by 1 year	0.7	0.8
	Decrease by 1 year	(0.7)	(0.8)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years towards the defined benefit plan obligation:

	2022 €m	2021 €m
Within the next 12 months (next annual reporting period)	1.9	1.9
Between two and five years	5.8	3.9
Between five and ten years	0.5	0.5
Beyond ten years	0.1	0.1
<b>Total expected payments</b>	<b>8.3</b>	<b>6.4</b>

The average duration of the defined benefit plan obligation at the end of the reporting period is 18 years (2021 - 18 years).

## 24. PROVISIONS

	Decommissioning Total €m
<b>At 1 April 2020</b>	<b>21.5</b>
Exchange adjustment	0.2
New plant commissioned	0.7
Increase in provision	5.6
Unwinding of discount	0.1
Changes in the discount rate	4.1
<b>At 31 March 2021</b>	<b>32.2</b>
Exchange adjustment	0.1
Unwinding of discount	0.1
Changes in discount rate	(2.7)
<b>At 31 March 2022</b>	<b>29.7</b>
<b>Non-current</b>	<b>29.7</b>

### Decommissioning

Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives. The provisions have been discounted using a weighted average rate of 1.471% (2021 – 0.541%) and are expected to be utilised within a period of ten to eighteen years.

## 25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Derivative financial instruments

#### Derivative financial assets

	2022 €m	2021 €m
Derivatives at fair value through other comprehensive income		
<b>Cash flow hedges:</b>		
Foreign exchange forward contracts	3.2	7.8
Commodity swap contracts	928.1	58.9
Interest rate swap contracts	7.8	0.5
<b>Total derivatives at fair value through other comprehensive income</b>	<b>939.1</b>	<b>67.2</b>
Derivatives at fair value through profit and loss		
<b>Derivatives not designated as hedges:</b>		
Foreign exchange forward contracts	0.7	0.5
Commodity swap contracts	14.5	4.0
<b>Total derivatives at fair value through profit and loss</b>	<b>15.2</b>	<b>4.5</b>
<b>Total derivative financial assets</b>	<b>954.3</b>	<b>71.7</b>
<b>Total non-current</b>	<b>83.1</b>	<b>8.0</b>
<b>Total current</b>	<b>871.2</b>	<b>63.7</b>

#### Derivative financial liabilities

	2022 €m	2021 €m
Derivatives at fair value through other comprehensive income		
<b>Cash flow hedges:</b>		
Foreign exchange forward contracts	(2.3)	(1.4)
Commodity swap contracts	(132.6)	(10.3)
Interest rate swap contracts	(3.6)	(19.6)
<b>Total derivatives at fair value through other comprehensive income</b>	<b>(138.5)</b>	<b>(31.3)</b>
Derivatives at fair value through profit and loss		
<b>Derivatives not designated as hedges:</b>		
Foreign exchange forward contracts	(0.4)	(0.7)
Commodity swap contracts	(10.5)	(1.4)
<b>Total derivatives at fair value through profit and loss</b>	<b>(10.9)</b>	<b>(2.1)</b>
<b>Total derivative financial liability</b>	<b>(149.4)</b>	<b>(33.4)</b>
<b>Total current</b>	<b>(139.9)</b>	<b>(18.0)</b>
<b>Total non-current</b>	<b>(9.5)</b>	<b>(15.4)</b>

The impact of the hedging instruments on the statement of financial position is, as follows:

#### Derivative financial assets

	Notional amount €m	Carrying amount €m	Line item in the statement of financial position
<b>As at 31 March 2022</b>			
Foreign exchange forward contracts	164.8	3.2	Derivative asset
Commodity swap contracts	412.5	928.1	Derivative asset
Interest rate swap contracts	285.5	7.8	Derivative asset
<b>As at 31 March 2021</b>			
Foreign exchange forward contracts	153.7	7.9	Derivative asset
Commodity swap contracts	234.3	58.9	Derivative asset
Interest rate swap contracts	-	0.5	Derivative asset

#### Derivative financial liabilities

	Notional amount €m	Carrying amount €m	Line item in the statement of financial position
<b>As at 31 March 2022</b>			
Foreign exchange forward contracts	291.3	(2.3)	Derivative liabilities
Commodity swap contracts	55.0	(132.6)	Derivative liabilities
Interest rate swap contracts	24.4	(3.6)	Derivative liabilities
<b>As at 31 March 2021</b>			
Foreign exchange forward contracts	35.0	(1.4)	Derivative liabilities
Commodity swap contracts	(13.9)	(10.3)	Derivative liabilities
Interest rate swap contracts	329.9	(19.6)	Derivative liabilities

#### Hedging activities and derivatives

##### Cash flow hedges

Cash flow hedges are derivative contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates, commodity prices or foreign currency

exchange rates and which meets the effectiveness criteria prescribed by IFRS 9 Financial Instruments. The Group's accounting policy for cash flow hedges is set out in note 3.

## Net derivative financial liabilities

	2022 €m	2021 €m
<b>Accumulated gain included in equity</b>	<b>800.6</b>	<b>35.9</b>

The table below summarises the maturity of cash flow hedges:

<b>Derivative financial assets</b>		
In one year or less	856.6	60.2
In more than one year but less than five years	80.4	6.5
In more than five years	2.1	0.5
<b>Gains through other comprehensive income</b>	<b>939.1</b>	<b>67.2</b>
<b>Derivative financial liabilities</b>		
In one year or less	(129.8)	(16.3)
In more than one year but less than five years	(7.9)	(11.8)
In more than five years	(0.8)	(3.2)
<b>Losses through other comprehensive income</b>	<b>(138.5)</b>	<b>(31.3)</b>
	<b>800.6</b>	<b>35.9</b>

The table below summarises the gains and losses recognised during the year:

	2022 €m	2021 €m
Net gain due to remeasurements	1,365.1	97.3
Gain / (loss) transferred from equity to the income statement in respect of:		
Completed hedges	600.6	(13.0)
Recognised within:		
Operating costs	605.5	(5.2)
Finance costs	(4.9)	(7.8)
	<b>600.6</b>	<b>(13.0)</b>

### Fair value through profit and loss

The Group has derivative contracts that are not accounted for as hedges under IFRS 9.

The table below summarises the gains and losses recognised on these contracts in the income statement during the year.

	2022 €m	2021 €m
<b>Net gain due to remeasurements</b>	<b>1.2</b>	<b>6.1</b>

### Hedge of net investment in foreign operations

Included in financial liabilities, loans and borrowings at 31 March 2022 was £225.0m (2021 - £225.0m) Sterling denominated Senior secured notes.

The Group has not designated a hedging relationship between the Sterling denominated assets on the Group's balance sheet and the Group's Sterling borrowings in the current year or prior year.

### Fair Values

As indicated in note 3(d) the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for categorising financial instruments.

A summary of the fair values of the financial assets and liabilities of the Group together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	2022 Carrying value €m	2022 Fair value €m	2021 Carrying value €m	2021 Fair value €m
<b>Level 1</b>				
<b>Non-current liabilities</b>				
Senior secured notes (2024 and 2025)	(611.5)	(589.6)	(607.5)	(622.7)
<b>Level 2</b>				
<b>Non-current liabilities</b>				
Project financed bank facilities (NI)	(178.2)	(178.2)	(188.0)	(188.0)
Project financed bank facilities (RoI)	(130.7)	(130.7)	(141.9)	(141.9)
<b>Level 3</b>				
<b>Non-current liabilities</b>				
Financial liabilities (contingent consideration)	(10.4)	(10.4)	(15.8)	(15.8)
Financial liabilities (contingent liability)	(0.2)	(0.2)	-	-
Financial liabilities (lease liability)	(31.9)	(31.9)	(32.3)	(32.3)
<b>Current liabilities</b>				
Senior revolving credit facility	(59.3)	(59.3)	-	-
Financial liabilities (contingent consideration)	(6.5)	(6.5)	(0.9)	(0.9)
Financial liabilities (lease liability)	(1.6)	(1.6)	(1.6)	(1.6)



The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short-term maturities of these items. Contingent consideration and contingent liability is estimated as the present value of future cash flows disclosed at the market rate of interest at the reporting date. Derivatives are measured at fair value and are considered to fall within the level 1 fair value hierarchy. There have been no transfers between the levels within the fair value hierarchy.

The fair value of the Group's project financed bank facilities (RoI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value given that they bear interest at floating rates based on SONIA/Euribor.

The fair value of contingent consideration is considered to fall within the level 3 fair value hierarchy and is measured using the present value of the maximum amount payable with the minimum amount payable being €nil. Payment is contingent on various project milestones being met, primarily the construction and commissioning of the plant. The carrying value of €16.9m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate. Reasonably possible changes in assumptions would not result in a material change to the value.

## Financial risk management objectives and policies

A summary of the Group's financial management objectives and policies is set out in the financial control section of the Risk Management and Principal Risks and Uncertainties report.

The following table summarises the maturity profile of the Group's trade and other payables, financial liabilities and derivatives based on contractual undiscounted payments:

	Within one year €m	1 to 5 years €m	>5 years €m	Total €m	Carrying Value Total €m
<b>Year ended 31 March 2022</b>					
Trade and other payables (excluding tax and social security)	(714.4)			(714.4)	(714.4)
Financial liabilities (excluding leases)	(132.7)	(819.4)	(233.0)	(1,185.1)	(1,023.6)
Financial liabilities - leases	(3.3)	(12.1)	(38.1)	(53.5)	(33.5)
Derivatives at fair value through other comprehensive income	(130.0)	(7.6)	(0.8)	(138.4)	(138.5)
Derivatives at fair value through profit and loss	(9.9)	(1.1)		(11.0)	(10.9)
	<b>(990.3)</b>	<b>(840.2)</b>	<b>(271.9)</b>	<b>(2,102.4)</b>	<b>(1,920.9)</b>
<b>Year ended 31 March 2021</b>					
Trade and other payables (excluding tax and social security)	(382.4)	-	-	(382.4)	(382.4)
Financial liabilities (excluding leases)	(59.3)	(846.6)	(269.3)	(1,175.2)	(979.4)
Financial liabilities - leases	(3.1)	(11.4)	(36.6)	(51.1)	(33.9)
Derivatives at fair value through other comprehensive income	(16.3)	(11.9)	(3.3)	(31.5)	(31.3)
Derivatives at fair value through profit and loss	(1.7)	(0.4)	-	(2.1)	(2.1)
	<b>(462.8)</b>	<b>(870.3)</b>	<b>(309.2)</b>	<b>(1,642.3)</b>	<b>(1,429.1)</b>

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

At 31 March 2022, the Group is exposed to future changes in the fair value of unsettled derivative financial instruments and certain other financial liabilities. The sensitivity analysis for the market risks showing the impact on profit before tax and equity is set out below.

These sensitivities are based on an assessment of market rate movements during the year and each is considered to be a reasonably possible range.

			Impact on profit		Impact on equity	
	Sensitivity	Change	Increase €m	Decrease €m	Increase €m	Decrease €m
<b>At 31 March 2022</b>						
Foreign exchange forward contracts	Euro exchange rate	+/-10%			37.7	(37.2)
Gas swaps	Price per therm	+/-10p	30.7	(30.7)	30.7	(30.7)
GB power swaps	Price per MWh	+/- £10	19.8	(19.8)	19.8	(19.8)
Interest rate swaps	SONIA/ Euribor	+/- 0.25%			4.5	(4.9)
Project financed bank facilities (interest)	SONIA/ Euribor	+/- 0.25%	(0.9)	0.9	(0.9)	0.9
Project financed bank facilities denominated in sterling	Euro exchange rate	+/-10%	(19.7)	19.7	(19.7)	19.7
Senior secured notes denominated in Sterling	Euro exchange rate	+/-10%	(26.7)	26.7	(26.7)	26.7

<b>At 31 March 2021</b>						
Foreign exchange forward contracts	Euro exchange rate	+/-10%	-	-	14.0	(13.4)
Gas swaps	Price per therm	+/-10p	35.2	(35.2)	35.2	(35.2)
GB power swaps	Price per MWh	+/- £10	20.1	(20.1)	20.1	(20.1)
Interest rate swaps	Libor/ Euribor	+/- 0.25%	-	-	5.8	(6.0)
Project financed bank facilities (interest)	Libor/ Euribor	+/- 0.25%	(0.9)	0.9	(0.9)	0.9
Project financed bank facilities denominated in sterling	Euro exchange rate	+/-10%	(20.7)	20.7	(20.7)	20.7
Senior secured notes denominated in Sterling	Euro exchange rate	+/-10%	(26.4)	26.4	(26.4)	26.4

## 26. SHARE CAPITAL AND RESERVES

### Authorised shares

	Number	£
A Ordinary shares of £1 each	46,678	46,678
B Ordinary shares of £2 each	905	1,810
C Ordinary shares of £1 each	1,512	1,512
<b>At 31 March 2021 and 2022</b>	<b>49,095</b>	<b>50,000</b>

### Ordinary shares issued and fully paid

	Number	£
A Ordinary shares of £1 each	4,020	4,020
B Ordinary shares of £2 each	905	1,810
C Ordinary shares of £1 each	1,088	1,088
<b>At 31 March 2021 and 2022</b>	<b>6,013</b>	<b>6,918</b>

### Nature and purpose of reserves

#### Share capital and share premium

The balances classified as share capital and share premium represents the proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 A ordinary shares, £2 B ordinary shares and £1 C ordinary shares.

#### Capital contribution reserve

This balance relates to capital contributed by the Company's parent undertaking other than through the proceeds of the issue of shares.

#### Hedge reserve

The hedge reserve is used to record the unrealised gains and losses incurred on derivatives designated as cash flow hedges.

#### Foreign currency reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## Reserves

Analysis by item recognised in other comprehensive income for each component of equity:

	Foreign currency reserve €m	Cash flow hedge reserve €m	Retained earnings €m	Total Equity €m
<b>2022</b>				
Actuarial gain on defined benefit pension schemes (net of tax)			3.3	3.3
Exchange gain on translation of foreign operations	8.0			8.0
Net gain on cash flow hedges (net of tax)		650.1		650.1
Other comprehensive income for the year	8.0	650.1	3.3	661.4
<b>2021</b>				
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(1.3)	(1.3)
Exchange gain on translation of foreign operations	25.5	-	-	25.5
Net gain on cash flow hedges (net of tax)	-	95.9	-	95.9
Other comprehensive income / (expense) for the year	25.5	95.9	(1.3)	120.1

## 27. NOTES TO GROUP CASH FLOW STATEMENT

	2022 €m	2021 €m
<b>Operating activities</b>		
Profit before tax from continuing operations	134.5	136.0
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	38.9	35.3
Amortisation of intangible assets	16.8	12.6
Amortisation of right-of-use assets	1.9	1.9
Derivatives at fair value through income statement	(1.2)	(6.1)
Net finance costs	50.8	50.0
Defined benefit charge less contributions paid	(1.6)	(1.6)
Net impairment reversal	(6.1)	-
Release of contingent consideration	(1.1)	(1.5)
Share-based payment	0.1	0.1
<b>Cash generated from operations before working capital movements</b>	<b>233.0</b>	<b>226.7</b>



## 28. ANALYSIS OF NET DEBT

	Cash and cash equivalents €m	Short term managed funds €m	Debt due within one year €m	Debt due after more than one year €m	Total €m
<b>At 1 April 2020</b>	<b>220.8</b>	<b>1.4</b>	<b>(25.9)</b>	<b>(910.6)</b>	<b>(714.3)</b>
Net decrease in cash and cash equivalents	(12.0)	-	-	-	(12.0)
Proceeds from issue of borrowings	-	-	-	(50.2)	(50.2)
Repayment of borrowings	-	-	43.4	-	43.4
Issue costs on new long-term loans	-	-	-	1.4	1.4
Decrease in interest accruals	-	-	0.3	-	0.3
Amortisation	-	-	(1.8)	(1.3)	(3.1)
Reclassifications	-	-	(40.9)	40.9	-
Translation difference	7.7	-	(0.4)	(17.6)	(10.3)
<b>At 31 March 2021</b>	<b>216.5</b>	<b>1.4</b>	<b>(25.3)</b>	<b>(937.4)</b>	<b>(744.8)</b>
Net increase in cash and cash equivalents	203.5	-	-	-	203.5
Proceeds from issue of borrowings	-	-	(59.3)	-	(59.3)
Repayment of borrowings	-	-	23.5	-	23.5
Increase in interest accruals	-	-	(0.3)	-	(0.3)
Amortisation	-	-	(1.9)	(1.5)	(3.4)
Reclassifications	-	-	(22.8)	22.8	-
Translation difference	0.9	-	-	(4.3)	(3.4)
<b>At 31 March 2022</b>	<b>420.9</b>	<b>1.4</b>	<b>(86.1)</b>	<b>(920.4)</b>	<b>(584.2)</b>

Reconciliation of liabilities arising from financing activities:

	At 1 April 2020 €m	Cash flows €m	Effects of foreign exchange €m	Other €m	At 31 March 2021 €m
Senior secured notes (2024 and 2025)	(596.3)	-	(9.9)	(1.3)	(607.5)
Project finance facilities	(338.0)	(5.4)	(8.1)	(1.8)	(353.3)
Interest	(2.2)	-	-	0.3	(1.9)
<b>Total</b>	<b>(936.5)</b>	<b>(5.4)</b>	<b>(18.0)</b>	<b>(2.8)</b>	<b>(962.7)</b>

	At 1 April 2021 €m	Cash flows €m	Effects of foreign exchange €m	Other €m	At 31 March 2022 €m
Senior secured notes (2024 and 2025)	(607.5)	-	(2.5)	(1.5)	(611.5)
Senior revolving credit facility	-	(59.3)	-	-	(59.3)
Project finance facilities	(353.3)	23.5	(1.8)	(2.0)	(333.6)
Interest	(1.9)	-	-	(0.2)	(2.1)
<b>Total</b>	<b>(962.7)</b>	<b>(35.8)</b>	<b>(4.3)</b>	<b>(3.7)</b>	<b>(1,006.5)</b>

## 29. LEASES

The Group has lease contracts for various items of land, buildings and motor vehicles used in its operations. Leases of land and buildings generally have lease terms between 5 and 25 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings €m	Motor vehicles €m	Total €m
<b>As at 1 April 2020</b>	<b>25.2</b>	<b>0.1</b>	<b>25.3</b>
Exchange adjustment	0.5	-	0.5
Remeasurement of right-of-use assets	(0.2)	-	(0.2)
Acquisition of subsidiary	2.7	-	2.7
Additions	-	0.1	0.1
Amortisation	(1.8)	(0.1)	(1.9)
<b>As at 31 March 2021</b>	<b>26.4</b>	<b>0.1</b>	<b>26.5</b>
Exchange adjustment	0.2	-	0.2
Remeasurement of right-of-use assets	(1.8)	-	(1.8)
Additions	2.7	-	2.7
Amortisation	(1.9)	-	(1.9)
<b>As at 31 March 2022</b>	<b>25.6</b>	<b>0.1</b>	<b>25.7</b>

Set out below are the carrying amounts of lease liabilities included within financial liabilities (as disclosed in note 25) and the movements during the period:

	2022 €m	2021 €m
<b>As at 1 April</b>	<b>(33.9)</b>	<b>(32.0)</b>
Exchange adjustment	(0.2)	(0.7)
Effect of modification of lease liability	1.8	0.2
Acquisition of subsidiary	-	(2.7)
Additions	(2.7)	(0.1)
Accretion of interest	(1.7)	(1.5)
Payments	3.2	2.9
<b>As at 31 March</b>	<b>(33.5)</b>	<b>(33.9)</b>
Current	(1.6)	(1.6)
Non-current	(31.9)	(32.3)

The maturity analysis of lease liabilities is disclosed in note 25.

Other amounts recognised in the income statement:

	2022 €m	2021 €m
Expense relating to short term leases		0.1
Variable lease payments	1.4	0.4
<b>Total</b>	<b>1.4</b>	<b>0.5</b>

There were no expenses during the year ended 31 March 2022 relating to leases of low-value assets. The Group had total cash outflows for leases of €3.2m for the year ended 31 March 2022 (2021 - €2.9m).

The Group is exposed to future cash outflows that have not been reflected in the measurement of lease liabilities, namely in relation to variable lease payments and extension options.

The Group has several lease contracts that are subject to an annual variable lease charge which is calculated as a percentage of gross revenues.

The charges incurred in relation to variable lease payments for the year ended 31 March 2022 were €1.4m (2021 - €0.4m).

In the event the Group wishes to extend a lease contract beyond the current agreed term, then it shall have the option to extend on terms yet to be negotiated.

The Group shall also have the option to terminate lease contracts upon provision of sufficient notice. Upon the expiration of such notice, the Lease shall cease without penalty.

#### Availability payments to generators

The Group has also entered into generating contracts with generating companies in NI to make payments for the availability of generating capacity as well as for the purchase of electricity generated. The contracts are with EP Ballylumford Limited.

Estimated availability payments to generators, which are dependent on the availability of the generators and are therefore variable in nature are as follows:

	2022 €m	2021 €m
Within one year	35.1	33.1
After one year but not more than five years	12.0	45.2
	<b>47.1</b>	<b>78.3</b>

In September 2016, PPB exercised its option with EP Ballylumford to extend the term of the Generating Unit Agreements covering 600MW of CCGT capacity by five years to September 2023.

## 30. COMMITMENTS AND CONTINGENT LIABILITIES

### (i) Capital commitments

At 31 March 2022 the Group had contracted future capital expenditure in respect of tangible fixed assets of €15.0m (2021 - €6.2m) and intangible fixed assets of €3.6m (2021 - €nil).

### (ii) Contingent liabilities

#### Protected persons

The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (NI) 1992 to protect the pension rights in respect of certain of its employees who were employees of NI Electricity plc at privatisation. Those Group employees who remain protected by the regulations have their pension rights provided through the Group's occupational pension scheme.

#### Generating contracts

Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary

financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the Power NI Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

#### Liability and damage claims

In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 24) when the Director believes that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

## 31. DISTRIBUTIONS MADE AND PROPOSED

Dividends of €40.0m, at €9,950.25 per share, were declared during the year ended 31 March 2022 and were paid on 5 November 2021.

Dividends are paid out of profits or from the Company's share premium or capital contribution reserve provided a 'Solvency Test' is passed.

## 32. SHARE-BASED PAYMENTS

### Management Investment Plan (MIP)

Under the MIP, growth shares of the parent are granted to certain senior executives of the Group. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The growth shares vest over time provided the senior executives continue to be employed by the Group at the vesting date.

The fair value of growth shares granted is estimated at the date of grant using a Monte Carlo simulation model, taking into account the

terms and conditions on which the share options were granted. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of comparable companies so as to predict the share performance.

The Group accounts for the Growth shares as an equity-settled plan.

The expense recognised for employee services received during the year is shown as follows:

	2022 €m	2021 €m
Expense arising from equity-settled share-based payment transactions	0.1	0.1
	0.1	0.1

### Movements during the year

	B shares	C Shares
<b>Outstanding at 1 April 2020</b>	<b>905</b>	<b>1,088</b>
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
<b>Outstanding at 31 March 2021</b>	<b>905</b>	<b>1,088</b>
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
<b>Outstanding at 31 March 2022</b>	<b>905</b>	<b>1,088</b>
<b>Exercisable at 31 March 2022</b>	-	-



The following table lists the inputs to the model used for the calculation of the fair value of the plan:

Weighted average fair values at the measurement date	£349.76
Dividend yield (%)	7.6
Expected volatility (%)	31.3
Risk-free interest rate (%)	0.87
Expected life of share options (years)	3.79
Model used	Monte Carlo

### 33. RELATED PARTY TRANSACTIONS

Note 16 above, provides the information about the Group's structure including the details of the subsidiaries and the holding company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

#### Transactions with key management personnel

Compensation of key management personnel of the Group are shown as follows:

	2022 €m	2021 €m
Short-term employee benefits	2.7	2.7
Share-based payments	0.1	0.1
<b>Total compensation to key management personnel</b>	<b>2.8</b>	<b>2.8</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period relating to key management personnel.

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# APPENDIX (UNAUDITED)

# APPENDIX (UNAUDITED)

The consolidated financial statements comprise the financial performance and position of the Group's Senior Secured Notes Restricted Group and its renewable asset portfolio which are

separately project financed. The following tables set out the unaudited reconciliations for pro-forma EBITDA and net debt for the Senior Secured Restricted Group.

## Pro-forma EBITDA for the Senior Secured Notes Restricted Group

The following table shows the reconciliation of Pro-forma EBITDA (pre-exceptional items and certain remeasurements) for the Senior Secured Notes Restricted Group:

Year to 31 March	2022 €m	2021 €m
<b>Group pro-forma EBITDA</b>	<b>200.1</b>	<b>194.1</b>
Less EBITDA from unrestricted investment assets	(79.1)	(43.9)
<b>Pro-forma EBITDA for the Senior Secured Notes Restricted Group</b>	<b>121.0</b>	<b>150.2</b>

All of the above amounts are pre-exceptional items and certain remeasurements

Pro-forma EBITDA for the Senior Secured Notes Restricted Group (pre-exceptional items and certain remeasurements) decreased to €121.0m (2021 – €150.2m) primarily reflecting

a decrease in EBITDA in the Customer Solutions business, partly offset by an increase from the Renewables PPA contracts and Flexible Generation businesses.

## Pro-forma Net Debt for the Senior Secured Notes Restricted Group

The following table shows the Pro-forma Net Debt for the Senior Secured Notes Restricted Group:

As at 31 March	2022 €m	2021 €m
Investments	1.4	1.4
Cash and cash equivalents	367.9	178.6
Senior secured notes €350m (2025)	(346.8)	(346.0)
Senior secured notes £225m (2024)	(264.7)	(261.5)
Senior revolving credit facility	(59.3)	-
Interest accruals - Senior secured notes	(1.2)	(1.2)
Other interest accruals	(0.9)	(0.6)
<b>Pro-forma Net Debt for the Senior Secured Notes Restricted Group</b>	<b>(303.6)</b>	<b>(429.3)</b>

# GLOSSARY OF TERMS

<b>Capita</b>	Capita Managed IT Solutions Limited
<b>CCAC</b>	Climate Change Advisory Council in the RoI
<b>CCC</b>	Climate Change Committee in the UK
<b>CCGT</b>	Combined-Cycle Gas Turbine
<b>CCNI</b>	Consumer Council for Northern Ireland
<b>CfD</b>	Contract for Differences
<b>CGU</b>	Cash Generating Unit
<b>Choices</b>	Money purchase pension arrangement for employees in the RoI
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>Company</b>	Energia Group Limited
<b>CPI</b>	Consumer Price Index in the RoI
<b>CRM</b>	Capacity Remuneration Mechanism
<b>CRU</b>	Commission for Regulation of Utilities
<b>CSR</b>	Corporate Social Responsibility
<b>CU Greener Homes</b>	Credit Union Greener Homes
<b>DECC</b>	Department of the Environment, Climate and Communications
<b>DfE</b>	Department for the Economy
<b>DHPLG</b>	Department of Housing, Planning and Local Government
<b>EAI</b>	Electricity Association of Ireland
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation
<b>ECL</b>	Expected Credit Loss
<b>EECs</b>	Energy Efficiency Credits
<b>EEOS</b>	Energy Efficiency Obligation Scheme
<b>EGNIPS</b>	Energia Group NI Pension Scheme
<b>EIR</b>	Effective Interest Rate
<b>EPC</b>	Engineering Procurement Construction
<b>ESB</b>	Electricity Supply Board
<b>EU</b>	European Union
<b>EU-UK TCA</b>	EU-UK Trade and Cooperation Agreement
<b>EV</b>	Electric Vehicle
<b>Focus</b>	Defined benefit section of EGNIPS
<b>FRC</b>	Financial Reporting Council
<b>GB</b>	Great Britain
<b>Group</b>	Energia Group Limited and its subsidiary undertakings
<b>GWh</b>	GigaWatt Hours

<b>GIY</b>	Grow It Yourself
<b>HEC</b>	Home Energy Check
<b>HMRC</b>	HM Revenue & Customs
<b>IASB</b>	International Accounting Standards Board
<b>IAS</b>	International Accounting Standard
<b>IBEC</b>	Irish Business and Employers' Confederation
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>ICT</b>	Information and Communication Technologies
<b>IoT</b>	Internet of Things
<b>I-SEM</b>	New EU integrated SEM
<b>ISAs (UK)</b>	International Standards in Auditing (UK)
<b>ISO</b>	International Organisation for Standardisation
<b>IWEA</b>	Irish Wind Energy Association
<b>KPI</b>	Key Performance Indicators
<b>LEU</b>	Large Energy User
<b>LRSA</b>	Local reserve Services Agreement
<b>LTIR</b>	Lost Time Incident Rate
<b>MIP</b>	Management Investment Plan
<b>MW</b>	Megawatt
<b>MWh</b>	megawatt hour
<b>NIEN</b>	Northern Ireland Electricity Networks Limited
<b>NIHE</b>	Northern Ireland Housing Executive
<b>NIRO</b>	Northern Ireland Renewable Obligation
<b>NISEP</b>	Northern Ireland Sustainable Energy Programme
<b>NSAI</b>	National Standards Authority of Ireland
<b>OCI</b>	Other Comprehensive Income
<b>OEM</b>	Original Equipment Manufacturers
<b>OLEV</b>	Office for Low Emission Vehicles
<b>Options</b>	Money purchase section of EGNIPS
<b>p.a.</b>	Per Annum
<b>PEE</b>	Primary Electrical Energy
<b>PPA</b>	Power Purchase Agreement
<b>PPB</b>	Power Procurement Business
<b>PDR</b>	Performance and Development Review
<b>PSO</b>	Public Service Obligation
<b>RA</b>	Regulatory Authority

<b>REFIT</b>	Renewable Energy Feed-In Tariff scheme
<b>RESS</b>	Renewable Electricity Support Scheme
<b>RMC</b>	Risk Management Committee
<b>RO</b>	UK Renewable Obligation
<b>ROC</b>	Renewable Obligation Certificate
<b>RoI</b>	Republic of Ireland
<b>RULET</b>	Rural-Led Energy Transition
<b>SEAI</b>	Sustainable Energy Authority of Ireland
<b>SECR</b>	Streamlined Energy and Carbon Reporting
<b>SEE</b>	Social, Environmental and Ethical
<b>SEMC</b>	SEM Committee
<b>SEM</b>	Single Electricity Market
<b>SEMO</b>	Single Electricity Market Operator
<b>SME</b>	Small or Medium-sized Enterprise
<b>SMP</b>	System Marginal Price
<b>SPPI</b>	Solely Payments of Principal & Interest
<b>TSO</b>	Transmission System Operator
<b>TWh</b>	TeraWatt Hours
<b>UK</b>	United Kingdom
<b>UR</b>	Utility Regulator
<b>WACC</b>	Weighted Average Cost of Capital





**energia group**

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