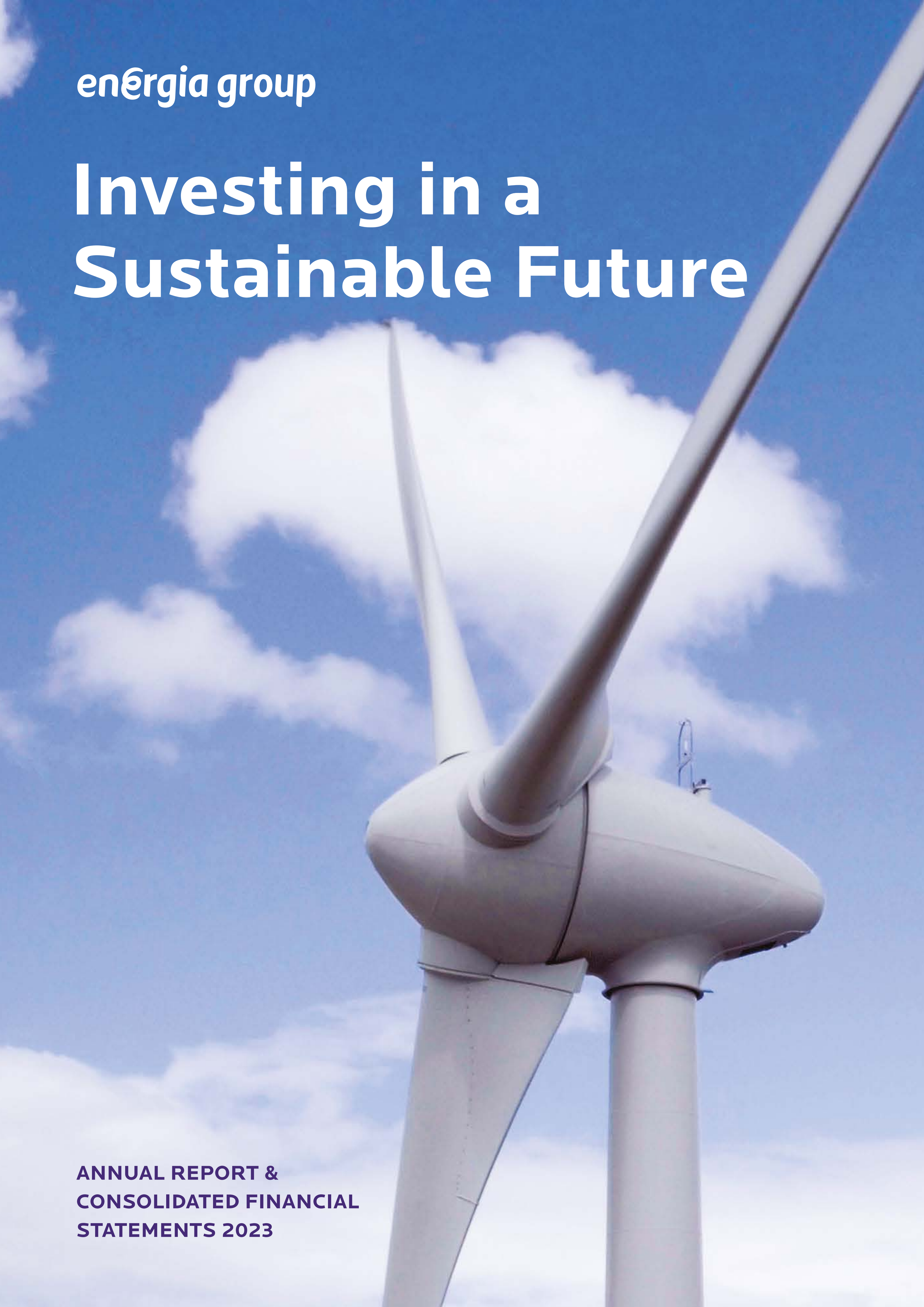
energia group



Investing in a Sustainable Future

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS 2023

CONTENTS

KEY FACTS & FIGURES

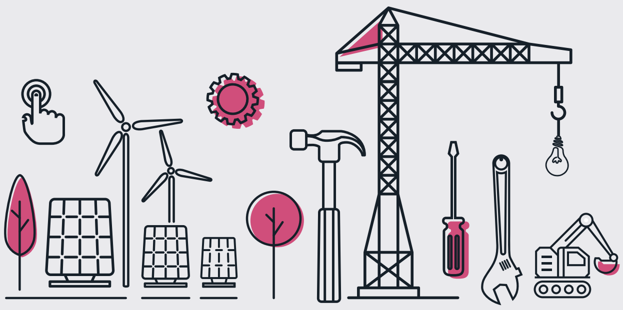
Underlying Business Results[1]

Group Pro-Forma EBITDA	**2023 €m**	2022 €m
Renewables	224.5	211.5
Flexible Generation	204.7	104.0
Customer Solutions	(162.1)	(115.4)
	267.1	200.1

€m
267.1

€m
103.0

Capital expenditure
(2022 - €66.5m)

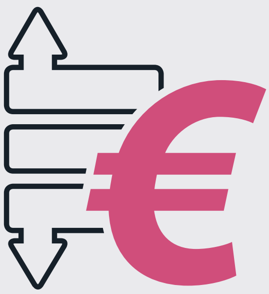


IFRS Results[2]

€m
4,568.3

Revenue
(2022 - €3,221.7m)

€m
354.4



Operating profit
(2022 - €178.0m)

[1] Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.
[2] Before exceptional items and certain remeasurements.

Operational Facts

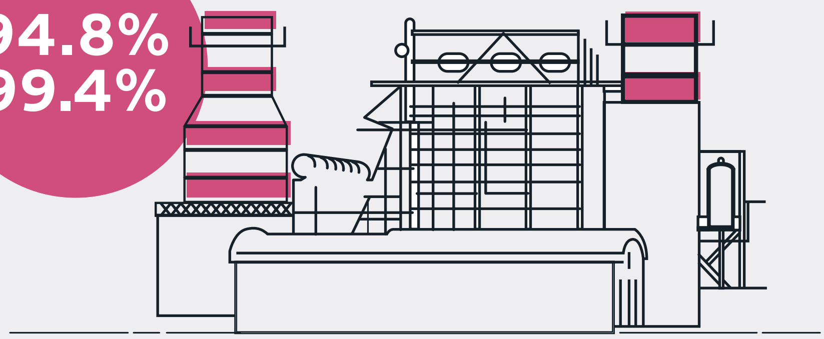
1,090

Employee numbers at 31 March 2023
(2022 - 993)

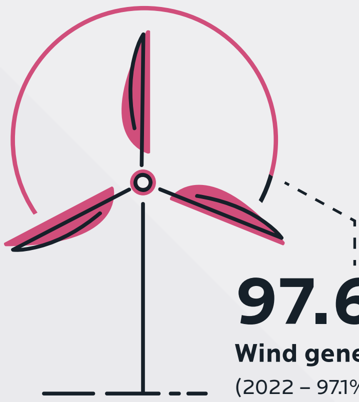
MW
309

Wind generation assets operational at 31 March 2023
(2022 – 309MW)

94.8%
99.4%

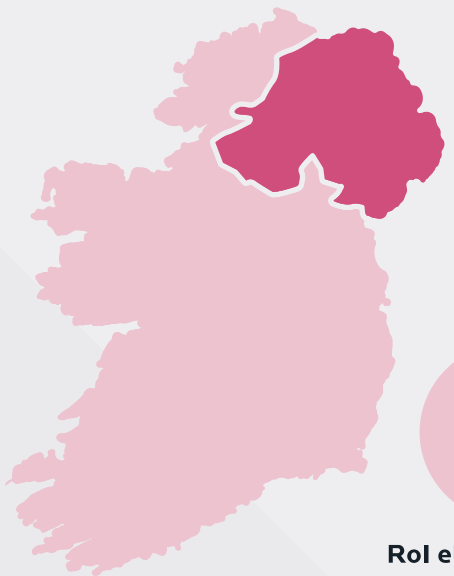


Huntstown CCGT asset availability
(2022 - 97.0% / 44.3%)



97.6%
Wind generation asset availability
(2022 – 97.1%)

TWh
2.7
NI electricity sales
(2022 – 2.8TWh)



TWh
5.0
RoI electricity sales
(2022 – 5.0TWh)

739,300
Residential customer sites supplied
(2022 – 730,800)

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 1,247MW of renewable generation capacity throughout Ireland.

The Flexible Generation business owns and operates 747MW of conventional generation assets in the RoI, procures power under contract with 600MW of conventional generation assets in NI and owns and operates 50MW of battery storage in NI.

The Customer Solutions business supplies electricity and gas to 311,700 customer sites in the RoI and 516,600 customer sites in NI through its two retail brands, Energia and Power NI.

Strategy

Decarbonising the energy system

We remain 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. 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;
- continue to deliver the integrated energy margin from our 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.

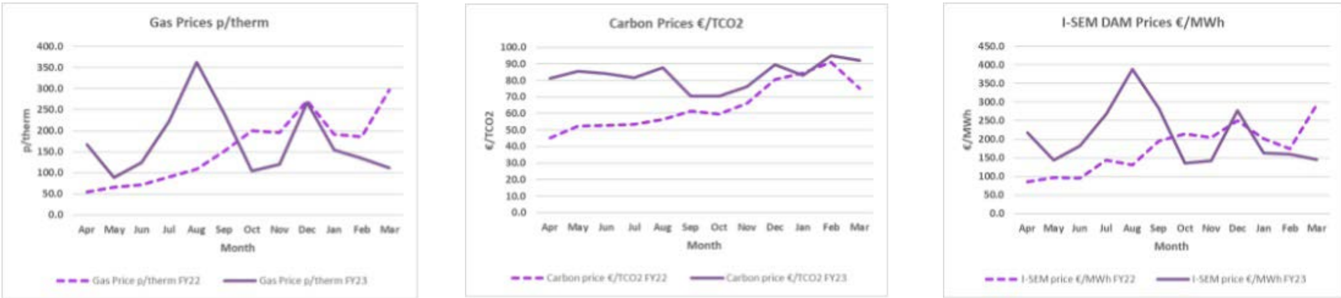
To further underpin delivery of the Group's strategic objectives, the Group has an extensive and experienced corporate development team.

The transition to a low carbon economy presents significant 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 remains 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 2023 has been characterised by high and volatile commodity prices, as illustrated in Figure 1 below, with average gas prices for the year at 174p/therm (2022 – 157p/therm) and carbon prices on average €83/TCO_2 (2022 – €65/TCO_2) resulting in average Integrated Single Electricity Market (I-SEM) prices of €209/MWh (2022 – €174/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.

High and volatile prices were experienced throughout FY23 and the impact on the each of the Group's segments is outlined in more detail in the Business Review section below.

Notwithstanding the financial performance for the past year, uncertainty remains over the future impact of volatile commodity prices, higher interest rates and higher inflation on the Group's businesses and customers. During the year the RoI and UK Governments introduced a number of customer support measures to address the energy related cost of living crisis. Delivery of support payments to customers in both the RoI and NI is now largely complete and while such support measures are not expected to be extended, they have been positive for the Group's residential and business customers. Furthermore, both the RoI and UK Governments have announced a number of market interventions in order to, among other things, raise revenue to help pay for the customer support measures. The customer support measures and market interventions which are of relevance to the Group are summarised as follows:

	RoI	Northern Ireland
Customer support measures Residential customers	• Electricity Support Credit €600 credit applied to electricity customers' bills. Paid in three €200 instalments (Nov 22, Jan 23 and Mar 23). • Additional financial supports in place for vulnerable customers.	• Energy Bills Support Scheme and Alternative Fuels Payment Two schemes combined to provide £600 of support to customers in the form of a direct payment to Direct Debit customers or a voucher redeemable at the Post Office for Prepayment and Non-Direct Debit credit customers. Direct payments and issuing of vouchers to customers commenced in mid-January 2023 and was largely complete by 31 March 2023. • Energy Price Guarantee (EPG) applies a discount to each unit of electricity (13.6p/kWh for the period 1 January – 31 March 2023 and currently 3.8p/KWh for the period 1 April – 30 June 2023). The EPG scheme ends on 30 June 2023. • Additional financial supports in place for vulnerable customers.
Commercial customers	• Temporary Business Energy Support Scheme Provides qualifying businesses with support of up to 40% of the increase in electricity or gas bills up to €10,000/month subject to an overall cap of €30,000/month. Scheme effective from 1 September 2022 and runs to 28 February 2023. From 1 March 2023 the level of relief was increased to 50% and the limit was increased to €15,000/month per qualifying business, subject to an overall cap of €45,000/month in cases where a business is carried on from more than one location. The scheme was also extended and runs to 31 May 2023 with an option to further extend to 31 July 2023. • Additional loans and grant schemes available to businesses affected by the war in Ukraine or to encourage investment in sustainability initiatives.	• Energy Bill Relief Scheme Discount applied to energy usage initially between 1 October 2022 and 31 March 2023. Government supported price has been set at £211/MWh for electricity and £75/MWh for gas. • Energy Bill Discount Scheme An amended scheme is in place to support businesses with their energy costs from 1 April 2023 to 31 March 2024. Commercial customers will receive a per unit discount if wholesale prices are above a price threshold of £302/MWh for electricity and £107/MWh for gas.

Market interventions Revenue Cap / Generator Levy	• Inframarginal Revenue Cap EU Council Regulation to limit, on a temporary basis, the market revenues of electricity generators (excluding gas generators) including wind. Ireland has announced that the cap is €120/MWh for wind and solar generators and €180/MWh for oil and coal-fired generators. The cap applies to suppliers in receipt of market revenues on behalf of generators but will exclude suppliers where it can be demonstrated that surplus revenues are already being passed on to end customers. The Inframarginal Revenue Cap applies from 1 December 2022 to 30 June 2023.	• Electricity Generator Levy on low carbon electricity generators The UK Government has announced the introduction of the Electricity Generator Levy from 1 January 2023 to 31 March 2028. The Electricity Generator Levy will result in a 45% tax on the aggregate revenue in excess of £75/MWh of in-scope electricity generators (including onshore wind) in a given period. The tax will be limited to in-scope generators whose generation output exceeds 50GWh across a period of a year and provides an allowance of £10 million in an accounting period.

While legislation to enact the Inframarginal Revenue Cap in the RoI and the Electricity Generator Levy in the UK is awaited, management continues to monitor and assess the implementation of such market interventions and other developments in the wider energy markets, influenced by geopolitical circumstances, and the potential impact on the Group's businesses and financial performance.

The Group has strong liquidity at 31 March 2023 (with €577.3m cash and cash equivalents excluding project finance cash and restricted cash of €5.7m received from the UK Government in relation to administration of the Energy Bills Support Scheme which is not freely available to the Group) and has undrawn committed revolving credit facilities of €29.1m. The Group is well positioned to manage the current trading environment.

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 RoI 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 RoI 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.

Group financial performance

The Group's financial KPIs are shown below:

	2023 €m	2022 €m
Pro-forma EBITDA[1]	267.1	200.1
Capital expenditure	103.0	66.5
Net debt[2]	342.1	584.2

[1] As shown in note 4 to the accounts
[2] As shown in the 'Summary of Financial Performance'

Total Group pro-forma EBITDA increased to €267.1m (2022 - €200.1m) primarily reflecting an increase in the Flexible Generation and Renewables businesses partly offset by a reduction in Customer Solutions as discussed further below.

Capital expenditure in respect of tangible fixed assets and intangible software assets increased to €103.0m (2022 - €66.5m) primarily reflecting increases in each of the Group's businesses as discussed further below.

The Group's net debt decreased to €342.1m (2022 - €584.2m).

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:

	2023 €m	2022 €m
EBITDA[1]	224.5	211.5
Capital expenditure	40.6	14.7

[1] Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.

Renewables EBITDA increased to €224.5m (2022 - €211.5m) primarily reflecting higher wind generation assets EBITDA (due to higher wind volumes across the portfolio, higher energy prices benefitting NI assets (partly offset by the Electricity Generator Levy on NI assets effective January 2023) and lower operating and development project costs). EBITDA from the renewable PPAs was broadly in line with last year (with higher wind volumes and higher energy prices largely offset by the impact of the RoI Inframarginal Revenue Cap effective December 2022).

Renewables capital expenditure increased to €40.6m (2022 - €14.7m) primarily reflecting capital expenditure on development projects (notably including the construction of the Drumlin on-shore windfarm project and expenditure on offshore projects).

Last concrete pour for turbine foundations at Drumlins

Operational performance

KPIs	2023	2022
Wind generation assets owned Wind generation capacity in operation in the RoI and NI		
- average during the year (MW)	309	309
- at 31 March (MW)	309	309
Availability (%)	97.6	97.1
Wind factor (%)	25.7	23.8
Renewable PPA portfolio Contracted renewable generation capacity in operation in the RoI and NI		
- average during the year (MW)	1,266	1,282
- at 31 March (MW)	1,247	1,282

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 (2022 - 309MW) and at 31 March 2023, total generation capacity was 309MW (2022 – 309MW). This comprised 136MW (2022 – 136MW) of operating onshore wind generation capacity in the RoI and 173MW (2022 - 173MW) of operating onshore wind generation capacity in NI.

Renewable assets availability was 97.6% (2022 – 97.1%) with a wind factor of 25.7% (2022 – 23.8%).

Distributions[1] of €61.8m were made in the year (2022 - €18.1m) 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 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 1,266MW (2022 – 1,282MW) with 31 March 2023 operating capacity of 1,247MW (2022 – 1,282MW) of which RoI operating capacity was 583MW (2022 - 599MW) and NI operating capacity was 664MW (2022 – 683MW).

Solar

The Group is developing four large scale solar projects in the RoI and continues to make good progress in the development of this portfolio. At 31 March 2023 the Group had 313MW of capacity which is fully consented and a further 120MW, which despite receiving local council planning permission, has been appealed and a decision is awaited from An Bord Pleanála.

The Group plans to further increase the scale of its projects and at 31 March 2023 had 110MW

[1]Distributions from wholly owned onshore wind generation assets are eliminated on Group consolidation

of capacity for which planning applications have been submitted and a decision is awaited and a further 85MW of capacity in the planning preparation stage. Overall the Group's current solar pipeline is 628MW.

Hydrogen

The Group is installing an electrolyser to produce electricity from renewable electricity at its Long Mountain wind farm in NI. The Group has a hydrogen supply contract with Translink and a fuelling station located at their depot in Belfast which is used to provide hydrogen to run a number of hydrogen buses. Commissioning of the electrolyser is ongoing and first hydrogen production is expected shortly.

Onshore wind development assets

The Group continues to progress the development of its onshore wind pipeline projects (49MW under construction and 218MW in development) and expects to enter into Corporate PPAs for such development projects.

Construction of the Drumlin wind farm (49MW) continued during the year with turbine foundations, site roads and hardstands largely complete. Commissioning is expected in 2024 and the project will be underpinned by a Corporate PPA with Microsoft.

Offshore wind

The Group continues to develop its North Celtic Sea and South Irish Sea offshore wind projects and during the year completed initial site investigation works permitted under its foreshore licences. Environmental Impact Assessment scoping is expected to be issued for both projects during 2023.

Sale of Huntstown bioenergy plant

In February 2023 the Group completed the sale of its 4MW bioenergy plant located at Huntstown in Dublin as disclosed further in note 15.

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
Onshore wind generation assets				
- NI	173	-	52	**225**
- RoI	136	49	166	**351**
	309	**49**	**218**	**576**
Solar				
- RoI	**-**	**-**	**628**	**628**
	309	**49**	**846**	**1,204**

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. The Group also owns and operates a 50MW battery storage facility in Belfast which was commissioned in October 2022 and is progressing the development of an emergency generation site and a proposed data centre at its Huntstown campus in Dublin.

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 expires in September 2023.

Financial performance

	2023 €m	2022 €m
EBITDA[1]	204.7	104.0
Capital expenditure	49.3	39.1

[1] Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.

Flexible Generation EBITDA increased to €204.7m (2022 – €104.0m) primarily reflecting higher Huntstown 2 availability and utilisation (due to the plant being on partial outage in the prior year (noting that the prior year benefitted from property damage and business interruption insurance for the outage)), higher margins for both plants (associated with higher commodity prices and outages of other thermal plants), higher PPB gain share (reflecting higher utilisation of the contracted Ballylumford plant), development milestone payments received for the emergency generation project under development together with initial contribution from the 50MW battery storage facility in NI commissioned October 2022, partly offset by higher operating costs.

Flexible Generation capital expenditure increased to €49.3m (2022 - €39.1m) primarily reflecting initial expenditure on the data centre and emergency generation projects (primarily in respect of the purchase of land and infrastructure costs) partly offset by lower expenditure on the recently commissioned 50MW battery storage facility in NI.

Operational performance

KPIs	2023	2022
Huntstown CCGTs Availability (%)		
- Huntstown 1	94.8	97.0
- Huntstown 2	99.4	44.3
Unconstrained utilisation (%)		
- Huntstown 1	63.9	65.5
- Huntstown 2	73.0	44.0
Incremental impact of constrained utilisation – constrained on/(off) (%)		
- Huntstown 1	4.1	0.9
- Huntstown 2	(11.4)	(0.4)

Huntstown 1 availability was 94.8% (2022 – 97.0%) reflecting a 12 day forced outage in October 2022 as a result of the failure of a circuit breaker connected to the plant's static frequency convertor.

Huntstown 2 availability was 99.4% (2022 – 44.3%) primarily reflecting the plant being on outage in the prior year reflecting the main generator transformer failure, which was replaced, with the plant returning to operation on 23 October 2021.

Huntstown 1 unconstrained utilisation was 63.9% (2022 – 65.5%). Huntstown 2 unconstrained utilisation was 73.0% (2022 – 44.0%).

The incremental impact of constrained utilisation for Huntstown 1 was 4.1% constrained on (2022 – 0.9%). The incremental impact of constrained utilisation for Huntstown 2 was 11.4% constrained off (2022 – 0.4%).

Capacity auctions

The Huntstown plants and the Group's battery storage facility in Belfast bid into the competitive capacity auctions.

Final auction results for the T-4 auction for the 2026/27 capacity year were confirmed on 4 May 2023. The final results confirmed that both Huntstown plants and the Group's 50MW battery storage facility had been awarded a reliability option for the 2026/27 capacity year. The auction clearing price was €83,050/MW.

The reliability options awarded to the Huntstown plants for the next four capacity years is summarised as follows:

The reliability options awarded to the Huntstown plants for the next four capacity years is summarised as follows:

			Reliability Option Awarded	
Capacity Year	Auction	Clearing Price	Huntstown 1	Huntstown 2
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	✓	✓
2026/27	T-4 (Mar 23)	€83,050/MW	✓	✓

The Group's battery storage facility in Belfast was awarded a reliability option for 10 years commencing in capacity year 2023/24 at a clearing price of £78,600/MW for 8.15MW of its 11.3MW derated capacity. In subsequent auctions the Group has secured reliability options for capacity years 2024/25, 2025/26 and 2026/27 on the incremental capacity of 3.15MW at clearing prices of £130,876/MW, £40,954/MW and £76,323/MW respectively.

Storage

Commissioning of the Group's 50MW battery storage facility in Belfast successfully completed in October 2022. The facility is one of the largest utility-scale battery storage facilities on the island of Ireland and provides grid-balancing services, operating reserve and steady state reactive power to the System Operator for NI in order to help cope with the varying nature of a wind generation on the system. As such, the facility is vital for the system operator in order to support the energy transition.

Castlereagh BESS

Emergency generation capacity

In December 2022 the Group was awarded a contract with EirGrid to provide 50MW of emergency gas generation capacity to be located at the Huntstown site. The three-year contract includes an option for EirGrid to extend the contract for an additional two years. Construction works are underway and the new gas generation capacity is targeted to be commissioned in Second Half 2024.

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.

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

	2023 €m	2022 €m
EBITDA [1]	(162.1)	(115.4)
Capital Expenditure	13.1	12.7

[1] Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 4.

Customer Solutions EBITDA decreased to €162.1m loss (2022 - €115.4m loss) 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 increases in tariffs) and higher Customer Solutions operating costs partly offset by favourable Power NI non-residential electricity margins (reflecting tariff increases partly offset by lower volumes) and favourable Power NI residential regulated margins (reflecting higher inflation and higher customer numbers).

Customer Solutions capital expenditure increased to €13.1m (2022 - €12.7m) primarily reflecting higher expenditure in respect of IT projects.

energia group

Operational performance

KPIs	2023	2022
Customer sites (number) **RoI**		
- Residential electricity	194,600	197,000
- Residential gas	66,800	68,100
	261,400	**265,100**
- Non-residential electricity	47,400	48,000
- Non-residential gas	2,900	3,500
	50,300	**51,500**
Total RoI	**311,700**	**316,600**
NI		
- Residential electricity	477,900	465,700
- Non-residential electricity	38,700	38,700
Total NI	**516,600**	**504,400**
Energy sales* **RoI**		
- Electricity sales (TWh)	5.0	5.0
- Gas sales (million therms)	80.6	91.2
NI		
- Electricity sales (TWh)	2.7	2.8
Complaints (number)		
Complaints to the CRU in the RoI	8	5
Complaints to the CCNI in NI	1	1

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

Residential electricity and gas customer sites in the RoI were 261,400 at 31 March 2023 (2022 – 265,100).

Non-residential electricity customer sites in the RoI were 47,400 at 31 March 2023 (2022 – 48,000). Non-residential gas customer sites in the RoI were 2,900 at 31 March 2023 (2022 – 3,500).

Residential customer numbers in NI were 477,900 at 31 March 2023 (2022 – 465,700). Non-residential customer numbers in NI were 38,700 at 31 March 2023 (2022 – 38,700).

Total electricity sales volumes in the RoI were 5.0TWh (2022 – 5.0TWh) and in NI were 2.7TWh (2022 – 2.8TWh). RoI gas sales volumes were 80.6m therms (2022 – 91.2m therms).

During the year, the Group received 8 (2022 – 5) complaints which were referred to the CRU and 1 (2022 – 1) 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 rising wholesale costs both Energia and Power NI increased their tariffs on a number of occasions over the past year. Most recently, on 16 March 2023, Power NI announced that whilst its underlying regulated tariff would decrease by 16.2%, however the actual change to customer bills (net of the UK Government's EPG), would increase by 14% for the period 1 April 2023 to 30 June 2023. The increase to customers is due to a reduction in EPG financial support from the UK Government to customers.

The EPG scheme ends on 30 June 2023.

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

Customer Support Schemes

The RoI Government supported all households with their energy costs through a €600 credit being applied to electricity customers' bills. During the year Energia delivered the three €200 instalments (November 2022, January 2023 and March 2023) made under the scheme to its residential electricity customers.

A single non-repayable support payment totalling £600 was made by the UK Government to all households in NI (£400 under the Energy Bills Support Scheme and £200 under the Alternative Fuels Payment). Acting on behalf of the UK Government, Power NI administered delivery of the support payments to its residential electricity customers with such payments largely completed during the Fourth Quarter 2023.

Customer Solutions Positive Energy Programme

Work continues with the Group's Positive Energy Programme and the Customer Solutions businesses continue 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.

Customer engagement and experience

Digitalisation continues to be a priority and therefore the Group has developed its Digital IQ platform to help accelerate the shift to zero carbon. From advanced billing to smart electric vehicle charging, the Digital IQ platform empowers the Group to provide a more efficient and personalised service to its customers. This real-time cloud platform helps reduce cost to serve while also boosting customer engagement and enabling decarbonisation through smart, low carbon energy technologies. During the year the platform capability was utilised for the Energy Bills Support Scheme in NI, ensuring that the scheme was delivered efficiently without compromising business as usual customer facing services.

Work is ongoing to provide RoI customers with a greater range of smart advanced tariffs underpinned by the smart metering infrastructure. A Clean Export Guarantee payment was introduced to enable home microgenerators to avail of a payment for their surplus power.

This brings Energia's RoI customers into line with Power NI customers who have had this service since 2006.

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 now mainstreamed in our NI residential prepayment market, with over 23,000 customers;
- Real time data solution products, e.g. Connect 360, have been developed and offered to commercial customers;
- Our Lighting as a Service solutions offering to Energia and Power NI customers.

A number of proof of concept projects have also been implemented in the Energy Transition space.

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 services have been rolled out to customers and digital solutions for energy charge optimisation and engagement features are being tested through proof of concept products.

We continue to have relationships with multiple car dealership and are working actively with the Faster Project to support the role out of EVs.

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.

Energia Group, Waterford Chambers and char.gy install first lamppost attached electric vehicle charging points in Waterford

SUMMARY OF FINANCIAL PERFORMANCE

energia group

SUMMARY OF FINANCIAL PERFORMANCE

Revenue

Revenue from continuing operations increased to €4,568.3m (2022 - €3,221.7m). The breakdown by business is as follows:

Year to 31 March	**2023 €m**	2022 €m
Renewables	427.2	401.9
Flexible Generation (based on regulated entitlement)	1,769.7	989.5
Customer Solutions (based on regulated entitlement)	2,345.2	1,780.1
Adjustment for over-recovery	149.8	35.5
Inter business elimination	(123.6)	14.7
Total revenue from continuing operations	**4,568.3**	**3,221.7**

Revenue from the Renewables business increased to €427.2m (2022 - €401.9m) primarily reflecting higher volumes and higher energy prices partly offset by lower ROC sales.

Flexible Generation revenue increased to €1,769.7m (2022 - €989.5m) primarily reflecting higher Huntstown 2 revenue due to higher utilisation and the plant being on partial outage in the prior year (returned to service on 23 October 2021), higher energy prices and higher utilisation of the Ballylumford plant under contract with PPB combined with higher Contract for Differences (CfD) income and higher Huntstown 1 revenue driven by higher energy prices partly offset by lower availability.

Customer Solutions revenue increased to €2,345.2m (2022 - €1,780.1m) primarily due to higher non-residential electricity revenue (reflecting higher prices and volumes partly offset by lower customer numbers), higher non-residential and residential gas revenue (reflecting higher prices and tariffs partly offset by lower volumes and customer numbers), higher residential electricity revenue (reflecting higher tariffs partly offset by lower volumes).

During the year the regulated businesses of Power NI and PPB combined over-recovered against their regulated entitlement by €149.8m (2022 – €35.5m) and at 31 March 2023 the cumulative over-recovery against regulated entitlement was €213.8m. 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	2023 €m	2022 €m
Renewables	0.2	-
Flexible Generation		29.6
Customer Solutions	135.1	19.9
Total other income	**135.3**	**49.5**

Other income of €135.3m (2022 - €49.5m) primarily relates to the UK Government's EPG income of €135.1m for Power NI's residential customers (2022 - 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).

Operating costs

Operating costs (pre-exceptional items and certain remeasurements and excluding depreciation) increased to €4,286.7m (2022 - €3,035.5m). The breakdown is as follows:

Year to 31 March	2023 €m	2022 €m
Energy costs	4,113.9	2,873.8
Employee costs	62.4	52.4
Other operating charges	110.4	109.3
Total pre-exceptional items and certain remeasurements	**4,286.7**	**3,035.5**

Energy costs increased to €4,113.9m (2022 - €2,873.8m) primarily reflecting higher energy prices, higher availability of Huntstown 2 (due to the plant being on partial outage in the prior year), higher utilisation of the Ballylumford plant, higher Renewable PPA costs (including the Inframarginal Revenue Cap and the Electricity Generator Levy (net of lower ROC costs associated with lower revenues)), higher non-residential electricity sales volumes partly offset by lower availability of Huntstown 1, lower residential electricity volumes, and lower non-residential and residential gas sales volumes.

Employee costs increased to €62.4m (2022 - €52.4m) reflecting an increase in staff numbers associated with the underlying growth of the Group's businesses including future development projects being undertaken together with increased costs in respect of higher inflation.

Other operating charges increased to €110.4m (2022 - €109.3m) primarily reflecting higher Flexible Generation costs (primarily reflecting higher insurance costs) partly offset by lower Customer Solutions operating costs (primarily reflecting lower expected credit loss charges) and lower operating and development project costs for the Renewables businesses.

Group EBITDA

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

Year to 31 March	**2023 €m**	2022 €m
Renewables	224.5	211.5
Flexible Generation	204.7	104.0
Customer Solutions	(162.1)	(115.4)
Group pro-forma EBITDA	**267.1**	**200.1**
Over - recovery of regulated entitlement	149.8	35.5
EBITDA	**416.9**	**235.6**

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 €267.1m (2022 – €200.1m) primarily reflecting an increase in EBITDA in the Flexible Generation and Renewables businesses partly offset by a reduction in the Customer Solutions business.

Renewables EBITDA (pre-exceptional items and certain remeasurements) was €224.5m (2022 - €211.5m) primarily reflecting higher wind generation assets EBITDA (due to higher wind volumes across the portfolio, higher energy prices benefitting NI assets (partly offset by the Electricity Generator Levy on NI assets effective January 2023) and lower operating and development project costs). EBITDA from the renewable PPAs was broadly in line with last year (with higher wind volumes and higher energy prices largely offset by the impact of the RoI Inframarginal Revenue cap effective December 2022).

Flexible Generation EBITDA (pre-exceptional items and certain remeasurements) increased to €204.7m (2022 – €104.0m) primarily reflecting higher Huntstown 2 availability and utilisation (due to the plant being on partial outage in the prior year (noting that the prior year benefitted from property damage and business interruption insurance for the outage)), higher margins for both plants (associated with higher commodity prices and outages of other thermal plants), higher PPB gain share (reflecting higher utilisation of the contracted Ballylumford plant), development milestone payments received for the emergency generation project under development together with initial contribution from the 50MW battery storage facility in NI commissioned October 2022, partly offset by higher operating costs.

Customer Solutions EBITDA (pre-exceptional items and certain remeasurements) decreased to €162.1m loss (2022 - €115.4m loss) 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 increases in tariffs) and higher Customer Solutions operating costs partly offset by favourable Power NI non-residential electricity margins (reflecting tariff increases partly offset by lower volumes) and favourable Power NI residential regulated margins (reflecting higher inflation and higher customer numbers).

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	2023 €m	2022 €m
Renewables	30.5	30.0
Flexible Generation	15.7	10.6
Customer Solutions	16.3	17.0
Total depreciation and amortisation	**62.5**	**57.6**

Depreciation and amortisation (pre-exceptional items and certain remeasurements) increased to €62.5m (2022 - €57.6m) primarily reflecting higher depreciation in the Flexible Generation business (associated with an impairment reversal in prior year resulting in higher depreciation in the current year).

Group pro-forma operating profit

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

Year to 31 March	2023 €m	2022 €m
Renewables	194.0	181.5
Flexible Generation	189.0	93.4
Customer Solutions	(178.4)	(132.4)
Total Operating Profit	**204.6**	**142.5**

Group pro-forma operating profit (pre-exceptional items and certain remeasurements) increased to €204.6m (2022 - €142.5m) primarily reflecting higher operating profit in the Renewables and Flexible Generation businesses partly offset by lower operating profit in the Customer Solutions business.

Exceptional items and certain remeasurements

Exceptional items and certain remeasurements were a €9.6m credit (2022 - €7.3m). The breakdown by business is as follows:

Year to 31 March	2023 €m	2022 €m
Renewables	(2.0)	(27.9)
Flexible Generation	47.0	30.0
Customer Solutions	(35.4)	5.2
Total Exceptional Items and Certain Remeasurements	**9.6**	**7.3**

Exceptional items in the Renewables business include an impairment of property, plant and equipment of the Huntstown bioenergy plant of €12.5m (2022 - €23.9m) and exceptional acquisition and disposal costs of €1.1m (2022 - €1.1m), partly offset by €4.3m credit (2022 - €4.0m costs) reflecting certain remeasurements relating to the recognition of the fair value of derivatives together with a fair value adjustment to contingent consideration of €5.0m credit (2022 – €1.1m) and exceptional finance income of €2.3m.

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 €47.0m (2022 - €30.0m).

Exceptional items in the Customer Solutions business were a €35.4m cost (2022 - €5.2m credit) reflecting certain remeasurements relating to the recognition of the fair value of derivatives of €34.9m and €0.5m loss on disposal of subsidiary (2022 – €nil).

Further information is outlined in note 7 to the accounts.

Net finance costs

Net finance costs (pre-exceptional items and certain remeasurements) decreased from €50.8m to €39.5m primarily reflecting the impact of foreign exchange movements and an increase in interest income on bank deposits in the period compared to the same period last year.

Tax charge

The total tax charge (pre-exceptional items and certain remeasurements) was €53.0m (2022 – €22.0m). 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	2023 €m	2022 €m
Group pro-forma EBITDA[1]	267.1	200.1
Defined benefit pension charge less contributions paid	(1.4)	(1.6)
Net movement in security deposits	(15.0)	(30.8)
Changes in working capital[2]	(7.6)	155.5
Over recovery of regulated entitlement	149.8	35.5
Exceptional items	(1.1)	(1.1)
Foreign exchange translation	2.0	(0.2)
Share based payment		0.1
Pro-forma cash flow from operating activities	**393.8**	**357.5**
Capital expenditure[3]	(103.0)	(66.5)
Net receipt of government grant / deferred income[4]	7.3	0.3
Cash flow before acquisitions, disposals, interest and tax	**298.1**	**291.3**

[1] Includes EBITDA of renewable assets of €89.5m (2022 - €79.1m).

[2] Includes changes in working capital of renewable assets of €10.6m decrease (2022 – €8.7m increase). Changes in working capital equals decrease in inventories €0.4m (2022 - €0.2m), decrease in trade and other receivables €57.5m (2022 - €188.9m), decrease in trade and other payables €41.3m (2022 - €331.1m increase) and net expenditure on the sale and purchases of other intangibles of €24.2m (2022 - €13.5m).

[3] Includes capital expenditure on renewable assets of €40.6m (2022 - €14.7m) and intangible asset (software and customer acquisition costs) expenditure of €10.6m (2022 - €11.6m). Net capital expenditure equals purchase of property, plant and equipment €92.4m (2022 - €54.9m) and purchase of intangible assets €252.8m (2022 - €227.2m) less proceeds from sale of intangible assets €218.0m (2022 - €229.1m) and net expenditure on the sale and purchases of other intangibles of €24.2m (2022 - €13.5m).

[4] Includes deferred income of €6.9m (2022 – nil) in relation to the Group's emergency generation project and grant income of €0.7m (2022 - €0.3m) offset by €0.3m release of government grant in relation to Hydrogen project as disclosed further in note 22.

Pro-forma Group cash flow from operating activities increased to €393.8m (2022 - €357.5m) primarily reflecting an over-recovery of regulated entitlement of €149.8m (2022 - €35.5m), an increase in EBITDA from €200.1m to €267.1m and a lower increase in security deposits of €15.0m (2022 - €30.8m), partly offset by increase in working capital of €7.6m (2022 - €155.5m decrease).

Net movement in security deposits

The net movement in security deposits was a €15.0m increase (2022 – €30.8m). There were €56.6m of security deposits in place at 31 March 2023 reflecting the impact of commodity prices and inflation on collateral requirements (2022 - €42.1m).

Changes in working capital

Working capital increased by €7.6m (2022 – €155.5m decrease) primarily reflecting a decrease in trade and other payables (reflecting a decrease in gas prices (March 2023 relative to March 2022), a reduction in volumes partly offset by an increase in contract liabilities (associated with the RoI Electricity Support Credit scheme), provision for the Inframarginal Revenue Cap and Electricity Generator Levy and a net increase in emissions liabilities / assets (associated with an increase in carbon prices and higher generation volumes) and an increase in ROC assets, partly offset by a decrease in trade and other receivables (reflecting a decrease in contract assets (associated with proceeds from the Huntstown 2 outage insurance claim and lower hedge accrued income due to lower gas prices (March 2023 relative to March 2022)) partly offset by an increase in trade receivables (due to increased tariffs and prices partly offset by lower volumes)).

Over - recovery of regulated entitlement

As noted previously the regulated businesses of Power NI and PPB combined over-recovered against their regulated entitlement by €149.8m (2022 – €35.5m) and at 31 March 2023 the cumulative over-recovery against regulated entitlement was €213.8m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

Capital expenditure

Capital expenditure in respect of tangible fixed assets and intangible software assets increased to €103.0m (2022 - €66.5m). The breakdown by business is as follows:

Year to 31 March	**2023 €m**	2022 €m
Renewables	40.6	14.7
Flexible Generation	49.3	39.1
Customer Solutions	13.1	12.7
Capital Expenditure	**103.0**	**66.5**

Renewables capital expenditure increased to €40.6m (2022 - €14.7m) primarily reflecting capital expenditure on development projects (notably including the commencement of construction of the Drumlin on-shore windfarm project and expenditure on offshore projects).

Flexible Generation capital expenditure increased to €49.3m (2022 - €39.1m) primarily reflecting initial expenditure on the data centre and emergency generation projects (primarily in respect of the purchase of lands and infrastructure costs) partly offset by lower expenditure on the recently commissioned 50MW battery storage project in NI.

Customer Solutions capital expenditure increased to €13.1m (2022 - €12.7m) primarily reflecting higher expenditure in respect of IT projects.

Other cash flows

Net interest paid

Net interest paid (excluding exceptional finance costs) was €39.4m (2022 - €43.1m).

Dividends

No dividends were paid in the year ended 31 March 2023 (2022 - €40.0m).

Net debt

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

Year to 31 March	**2023 €m**	2022 €m
Investments		1.4
Cash and cash equivalents*	619.9	420.9
Senior secured notes	(602.1)	(611.5)
Senior revolving credit facility	(80.7)	(59.3)
Project finance facilities	(277.2)	(333.6)
Interest accruals	(2.0)	(2.1)
Total net debt	**(342.1)**	**(584.2)**

*Excluding restricted cash of €5.7m as outlined in note 19 of the accounts

The Group's net debt decreased by €242.1m from €584.2m at 31 March 2022 to €342.1m at 31 March 2023 primarily reflecting higher cash and cash equivalents and lower project financed facilities partly offset by higher cash drawing on the revolving credit facility.

Net debt at 31 March 2023 includes project finance net debt of €234.6m (2022 - €280.6m). Excluding project financed net debt, net debt was €107.5m (2022 - €303.6m).

Defined benefit pension surplus

The pension surplus in the Group's defined benefit scheme under International Accounting Standard (IAS) 19 was €2.3m at 31 March 2023 (2022 – €5.1m).

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 second annual deficit repair contribution made under the recovery plan was paid in the year ended 31 March 2023.

Outlook

Throughout the past year, the commodity markets for gas and carbon experienced continuing high and volatile prices and these higher gas and carbon prices resulted in higher I-SEM market prices for electricity. Commodity prices have somewhat stabilised since October 2022 and this price dynamic has continued to be experienced since 31 March 2023. While the Group is vertically integrated, future volatility would be expected to impact segmental financial performance of the Group's businesses. It would be 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 would be expected 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, given the high inflation and interest rate environment compounded with ongoing high energy prices, ongoing uncertainty over the recoverability of trade receivables (in particular for the Customer Solutions business) therefore, the Group has maintained its provisions for expected credit losses in line with the Expected Credit Loss (ECL) approach from previous years and reflecting the impact of ongoing high commodity prices on customer bills.

The Group continues to have strong liquidity at 31 March 2023 (with €577.3m cash and cash equivalents excluding project finance cash (31 March 2022 - €367.9m)) and has undrawn committed revolving credit facilities of €29.1m (31 March 2022 - €109.0m). The Group is well positioned to manage the current trading environment.

MARKET STRUCTURE

energia group

MARKET STRUCTURE

SINGLE ELECTRICITY MARKET

The Integrated 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 intraday 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 the Environment, Climate and Communications ('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) and Offshore RESS (O-RESS) to provide support to renewable electricity projects and help deliver renewable electricity policy to 2030. Both RESS and O-RESS allocate support in the form of a two-way CfD via a competitive pay as bid auction. The Climate Action Plan 2023 commits Ireland to having 9GW of onshore wind, 8GW solar and at least 5GW of Offshore wind installed by 2030, with the expectation that RESS and O-RESS will provide the route to market for the majority of this capacity. The first RESS auction took place in 2020, procuring over 1.2MW of onshore wind and solar. RESS 2 took place in 2022 and awarded support to just under 2GW of capacity, again predominantly onshore wind and solar. RESS 3 is scheduled to take place in 2023, targeting the procurement of almost double the capacity in RESS 2. RESS 4 is scheduled to take place in 2024 and will seek to procure a similar quantity of capacity to RESS 3. The Climate Action Plan commits to hosting RESS auctions at least annually; therefore, the anticipation would be there will be subsequent RESS auctions each year until 2030 at a minimum. The first O-RESS auction (O-RESS 1) took place in May 2023, procuring c.3GW of offshore capacity with final results expected to be confirmed on 14 June 2023. It is expected that a second O-RESS auction (O-RESS 2) could take place in 2024 and that O-RESS 1 and 2 combined will procure the 5GW of capacity required to achieve the Climate Action Plan target.

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

In December 2022, 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. This target was subsequently increased to at least 80% through the Climate Change Act (Northern Ireland) 2022.

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.

Whilst there is currently no support scheme available to new renewable generators in NI, the DfE launched a consultation on introducing a new support scheme in February 2023, with the expectation that support will be provided in the form of a two-way CfD scheme via a competitive auction process.

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. Both Huntstown plants 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 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 2023 the market operator has resettled these markets up to 3 December 2022 for M+4 resettlement and 5 March 2022 for M+13 resettlement in line with the expected market resettlement timetable of 4 months and 13 months after initial settlement. The market has had two main system fixes released over the last year however 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 54-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 as at the Balance Sheet date. Estimations are dependent on the resettlement approach taken by the market operator.

Throughout FY23 commodity markets for gas and carbon continued to experience high and volatile prices, albeit the later part of the year did see prices reduce somewhat from the levels earlier in the year, which impacted I-SEM market prices for electricity. Ongoing geopolitical circumstances continue to result in the risk of future volatility in wholesale commodity prices and therefore I-SEM market prices for electricity.

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 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 is either aggregated and hedged monthly on a rolling basis or priced on a pool pass-through basis. Power NI SME customers are priced on a pool pass-through basis.
- RoI residential customers' demand is aggregated and hedged monthly on a rolling basis. In respect of NI residential customers, 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 REFIT (noting that the EU price Cap of €120/MWh is applicable from December 2022) over the period October 2022 – March 2023 however there is a risk that if market prices reduce below the REFIT reference price in the period April 2023 – September 2023, revenue initially recognised in Financial Year 2023 (for the period October 2022 – March 2023) could be clawed back in Financial Year 2024.

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 continued to implement its 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, regulation 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 and wind farm availability

Energia Group runs the risk of interruptions to the availability of its Huntstown 1 and 2 CCGTs 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.

In the event of damage, it could take longer than expected to repair impacted facilities due to delays in the supply chains, many of which are international, used by the Group. 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.

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 in previous annual reports the Group secured four- year Local reserve Services Agreements (LRSAs) for both Huntstown plants which provided clarity on the capacity income the plants could earn until expiry of these agreements on 30 September 2022. Although the Local Reserve Services Agreements (LRSAs) had been in place since 1 October 2018 when the current capacity market arrangements commenced, 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 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. Due to significant disagreements surrounding the Protocol, the UK and EU entered into negotiations to amend it. These negotiations concluded with the announcement of the "Windsor Framework" on 28 February 2023. The Windsor Framework, which is agreed in principle, is made up of a number of documents including a UK Government Command Paper, a joint UK-EU political declaration, draft decisions to be taken by the Withdrawal Agreement Joint Committee and unilateral measures to be adopted by each party respectively. To take effect, the Windsor Framework will require the Withdrawal Agreement Joint Committee to meet and adopt the draft decisions. For those changes which require changes to domestic law, the appropriate legislation will need to be passed in the UK and EU respectively.

Post Brexit uncertainty and unpredictability concerning the UK's legal, political and economic relationship with the EU could be a source of instability in the UK economy and international markets, and it may create significant currency fluctuations and/or otherwise adversely affect trading agreements or similar cross border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future.

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 Windsor Framework on its supply chains and those of its suppliers in order to manage any potential future risks.

Development and construction of new assets

Through the development and construction of its onshore and offshore wind, solar, conventional generation, battery storage, hydrogen production and data centre projects, the Group is exposed to various risks including technical, commercial, contractor, planning, post development planning amendments, financing and economic risks. Any construction delay, change in government policy, issues with securing permissions from local landowners or need to obtain planning amendments could result in delays to the estimated commencement date for commercial operations and increased costs. Our projects must obtain connections to the electricity grid, however there are significant demands for connections from the system operators, EirGrid and SONI, from ourselves and other developers which could result in significant delays in securing the connections we need. In addition, the post-COVID recovery and global supply chain shortages have the potential to disrupt the availability of contractors, equipment and supplies. Such risks could delay the construction or delivery of onshore and offshore wind farms, conventional generation, solar, battery storage, hydrogen production or data centre projects or the commencement of commercial operations or adversely impact operational efficiency. 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

Employees in all industries are looking for flexible working options. People 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 a hybrid working model for office-based staff, future staffing strategies will 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, with the continuation of EU sanctions against Russia, there remains 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.

The Group has business interruption insurance in place for both Huntstown 1 and 2 and the wind farm assets. 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.

Both the RoI and the UK Governments have announced a number of market interventions in response to high commodity prices during the energy crisis. While legislation to enact the Inframarginal Revenue Cap in Ireland and the UK Government's Electricity Generator Levy on low carbon electricity generation is awaited, management continues to monitor and assess the implementation of these market interventions and the potential impact on the Group's businesses.

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 2023 there were 67 members comprising 12 active members and 55 pensioners. There is also a money purchase arrangement for employees in the RoI 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 privacy

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 light of the ongoing 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 privacy culture and employs a team of dedicated IT security and data privacy professionals. In addition, the Group has an IT Security Forum and a Data Privacy Forum which both comprise of senior IT security and data privacy staff 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 privacy and targeted controls and procedures are in place to mitigate the risks including the use of the services of external IT security and data privacy 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. During the year the commodity markets for gas and carbon continued to experience high and volatile prices resulting in higher I-SEM market prices for electricity. While the Group is vertically integrated, the volatility has impacted segmental financial performance. Higher commodity prices have also impacted liquidity and the requirement to post collateral with the I-SEM market, the Group's gas supply counterparties and network operators. 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. Higher electricity prices to customers together with 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.

energia group

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

At 31 March	2023 €m	2022 €m
Investments		1.4
Cash and cash equivalents*	577.3	367.9
Senior secured notes €350m (2025)	(347.7)	(346.8)
Senior secured notes £225m (2024)	(254.4)	(264.7)
Senior revolving credit facility	(80.7)	(59.3)
Interest accruals – Senior secured notes	(1.1)	(1.2)
Other interest accruals	(0.9)	(0.9)
Net debt excluding project finance facilities	**(107.5)**	**(303.6)**
Project finance cash	42.6	53.0
Project finance bank facility (RoI)	(106.6)	(144.3)
Project finance bank facility (NI)	(170.6)	(189.3)
Pro-forma net debt	**(342.1)**	**(584.2)**

*Excludes €5.7m of restricted cash received from the UK Government in relation to administration of the Energy Bills Support Scheme which will be paid directly to qualifying customers with any surplus after cessation of the scheme in June 2023 to be repaid to the UK government. This cash is not freely available in the normal course of business.

The maturity profile of the Group’s loans and borrowings at 31 March 2023 is as follows:

Facility	€m	Maturity
Senior secured notes €350m	(347.7)	September 2025
Senior secured notes £225m	(254.4)	September 2024
Senior revolving credit facility	(80.7)	June 2024
Project finance facilities	(277.2)	2023-2035
Interest accruals – Senior secured notes	(1.1)	
Other interest accruals	(0.9)	
	(962.0)	

Maturity analysis of loans and other borrowings is:

Facility	2023 €m	2022 €m
In one year or less or on demand	(104.2)	(86.1)
In more than one year but less than two years	(278.3)	(24.3)
In more than two years but less than five years	(423.3)	(695.2)
In more than five years	(156.2)	(200.9)
	(962.0)	**(1,006.5)**

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	2023 €m	2022 €m
Project finance bank facilities	426.0	467.9
Draw down	(426.0)	(467.9)
Undrawn committed project finance facilities		-

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. 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. During April and May 2023, the Group purchased Euro denominated Senior secured notes with a nominal value of €2.46m and Sterling denominated Senior secured notes with a nominal value of £9.512m in a number of open market transactions. The purchased notes were subsequently cancelled.

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 2023, the Group had letters of credit issued out of the Senior revolving credit facility of €236.8m resulting in undrawn committed facilities of €29.1m (2022 - €109.0m). There were €80.7m cash drawings under the Senior revolving credit facility at 31 March 2023 (2022 - €59.3m).

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

At 31 March 2023, there was €42.6m (2022 - €53.0m) of restricted cash in the project financed wind farms which is subject to bi-annual distribution debt service requirements and €5.7m restricted cash received from the UK Government in relation to administration of the Energy Bills Support Scheme which will be paid directly to qualifying customers with any surplus after cessation of the scheme in June 2023 to be repaid to the UK government. This cash is not freely available in the normal course of business.

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 £71m was drawn at 31 March 2023 (2022 - £50.0m) 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 2023, 89.1% of the Group's total borrowings were on a fixed rate basis and therefore not subject to any interest rate risk.

At 31 March	2023 €m	2022 €m
Loans and other borrowings fixed/floating analysis:		
Fixed rate debt	(857.0)	(916.0)
Variable rate debt	(105.0)	(90.5)
	(962.0)	**(1,006.5)**

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	2023 €m	2022 €m
Loans and other borrowings currency analysis:		
Euro	(456.1)	(493.1)
Sterling	(505.9)	(513.4)
	(962.0)	**(1,006.5)**

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_2) emission allowances. Energia's policy is to hedge its exposure to changes in the price of gas and CO_2 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.

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 monthly analysis of forecast future cashflows has been prepared by management. The forecasts were based on key assumptions including fuel prices (applying forward curves for commodities) and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

In preparing the forecasts, consideration was also given to the Group's Sterling Senior secured notes of £225m which are due to mature on 15 September 2024. Notwithstanding that the Group has a number of refinancing options available to it, the base case cash flow analysis shows that the Group has sufficient financial headroom to enable repayment of the notes in full out of cash reserves, on or before the maturity date.

Sensitivity analysis was undertaken in relation to the key assumptions to reflect the impact of reduced demand together with potential delays in customers paying their bills. In all scenarios tested, the Group has 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

(Energia Group's full Responsible Business Report is available on www.energiagroup.com)

Energia Group Delivering a Sustainable Future

Energia Group believes in the importance of a just transition to Net Zero. We are committed to providing a secure, affordable and clean energy supply to homes and businesses as well as offering accessible energy services and products to ensure no one is left behind. Securing the necessary investment in renewable energy projects is critical for a transition to Net Zero.

We are continuing to make progress on our €3bn Positive Energy investment programme, focussed on renewable energy projects. Ongoing projects include onshore and offshore wind, solar, battery storage and green hydrogen, and it is anticipated this programme can add circa 1.5 Gigawatts of additional renewable capacity to the system by 2030 to facilitate the achievement of Government targets and keep momentum towards the overall objective of Net Zero.

We also provide critical, flexible electricity generation at our Huntstown campus in Dublin. The responsible management and operation of these gas-fired generation units supports the significant security of supply challenges in Dublin and facilitates further in the energy transition across the island. With a capacity of 747 MW (10% of all-island peak demand), Huntstown is critical to the security of electricity supply and will, for the foreseeable future, play an important role in supporting the energy transition as renewable energy generation increases.

Our stakeholders have identified security of supply as a key material issue affecting the Irish electricity system and our Huntstown campus highlights the critical role existing assets play in providing essential capacity, power and system services to maintain supply.

We employ 1,090 people across the Group and our people are core to our success. Through the implementation of our People Strategy we want to ensure that our current and future employees in the energy sector will be provided with both a safe working environment and a great place to work as we continue to build an inclusive company culture that supports employees through every life stage.

Our Purpose

To continue to play a leading role in the decarbonisation of the energy system across the island of Ireland through the development of new renewable projects whilst providing critical security of supply and excellent service to homes and businesses.

OBJECTIVES

TO DECARBONISE THE ENERGY SYSTEM

We are committed to reducing the carbon intensity of our electricity generation by 50% by 2030 compared to FY2020 levels.

TO INVEST IN RENEWABLE ENERGY INFRASTRUCTURE

We will increase the volume of onshore renewable electricity threefold by 2030.

We will progress with the delivery our solar farm portfolio.

We will continue to develop 2 significant offshore wind farms.

TO EMPOWER OUR CUSTOMERS

We will support 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 and to ensure that no one is left behind.

TO EMPOWER OUR PEOPLE

We remain committed to providing a safe, healthy and inclusive working environment for our employees who are core to our success.

TO SUPPORT COMMUNITIES

We are committed to making a positive impact in the communities in which we operate and serve.

UNDERPINNED BY OUR VALUES

TRUSTWORTHY · DYNAMIC · RESOURCEFUL · COMMUNITY FOCUSED

ESG at Energia Group

At Energia Group we consider our Environmental, Social and Governance (ESG) commitment a vital component of how we currently do business now and how we will do business into the future. We are committed to the continued integration of ESG across our business.

We are committed to embedding ESG considerations across our business and into our decision making processes. In order to achieve this we have established an ESG Governance structure with the Group's Chief Financial Officer responsible for the continued development and implementation of our ESG strategy.

ENERGIA GROUP BOARD

Energia Group NI Holdings Limited is the main operational board of the Group. This board includes the Group's Executive Directors (CEO, CFO and COO)

ENERGIA GROUP MANAGEMENT BOARD

This board is responsible for the day-to-day management of the Group and includes the Group's 3 Executive Directors (CEO, CFO and COO), the Managing Directors of the Group's business units and a number of senior managers.

AUDIT COMMITTEE

Monitors the Group's financial reporting processes and the effectiveness of the internal control and risk management systems

RISK MANAGEMENT COMMITTEE

Oversees the management of risks and ensure that adequate and timely action is taken to mitigate and manage risk.

COMPANY SECRETARY

Day to day management of risk and governance of the Group

ESG STEERING GROUP & EXPERT WORKING GROUPS

ESG Steering Group is chaired by the CFO and provides oversight of the Group's ESG strategy and activities as well as guidance to ESG Working Groups.

The ESG Working Groups are made up of experts from across the Group who review ESG policies and initiatives ensuring they remain effective and consistent with the broader Group strategy.

Aligning our business activities to the UN SDGs

We have identified the UN Sustainable Development Goals as a key framework for informing the development and implementation of our ESG strategy. We conducted a materiality assessment to map the issues identified as most material to the Energia Group under the SDGs that are core to our business activities and services.

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 169 indicators and whilst Energia Group contributes to many of the SDGs, in FY22 we identified 5 with which we believe our purpose most closely aligned, SDG 13 Climate Action; SDG 7 Affordable & Clean Energy; SDG 8 Decent Work & Economic Growth; SDG 9 Industry, Innovation & Infrastructure and SDG 11 Sustainable Cities & Communities. In FY23 we further added an additional SDG, SDG 5 Gender Equality, to our priority SDGs.

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 to climate action. A summary of our targets, activities and performance in relation to our contribution to progressing the SDGs is provided below.

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 the Group's strategy.
- 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.

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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.

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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 1,100 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

- Increase by a factor of three the amount of renewable electricity generated by the Group by 2030.
- 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.

5 GENDER EQUALITY

To achieve gender equality and empower all women and girls.

- Building an inclusive company culture that leverages diversity and supports professional development opportunities for women.
- Launched our Women in Energy Network as part of the Group's broader Diversity and Inclusion programme.
- Introduced two women's health policies, Pregnancy Loss and Fertility Treatment and a Managers guidance document to support women through the Menopause forming part of the company's broader strategy of supporting all employees through every life stage and fostering a culture of inclusion.
- Partnership with Riley to provide free period care products to employees across all their offices. The partnership between the two organisations aligns to Energia Group's commitment to provide a more inclusive working environment for women and will benefit approximately 500 employees.
- Continuing to be a signatory of Business in the Community's Elevate pledge.

Stakeholder Engagement and Materiality

As a Group, we engage with a broad range of internal and external stakeholders and as the development and implementation of our ESG Strategy continues we understand how important our stakeholder views are. A critical element of our strategy is to understand the issues that are considered to be most important or material to our stakeholders.

In FY22 we conducted our first Materiality Assessment focussed on ESG related issues. The materiality issues were prioritised based on the responses received. In FY23, we extended our Materiality Assessment approach to include detailed stakeholder interviews to garner greater insights into the views of our stakeholders.

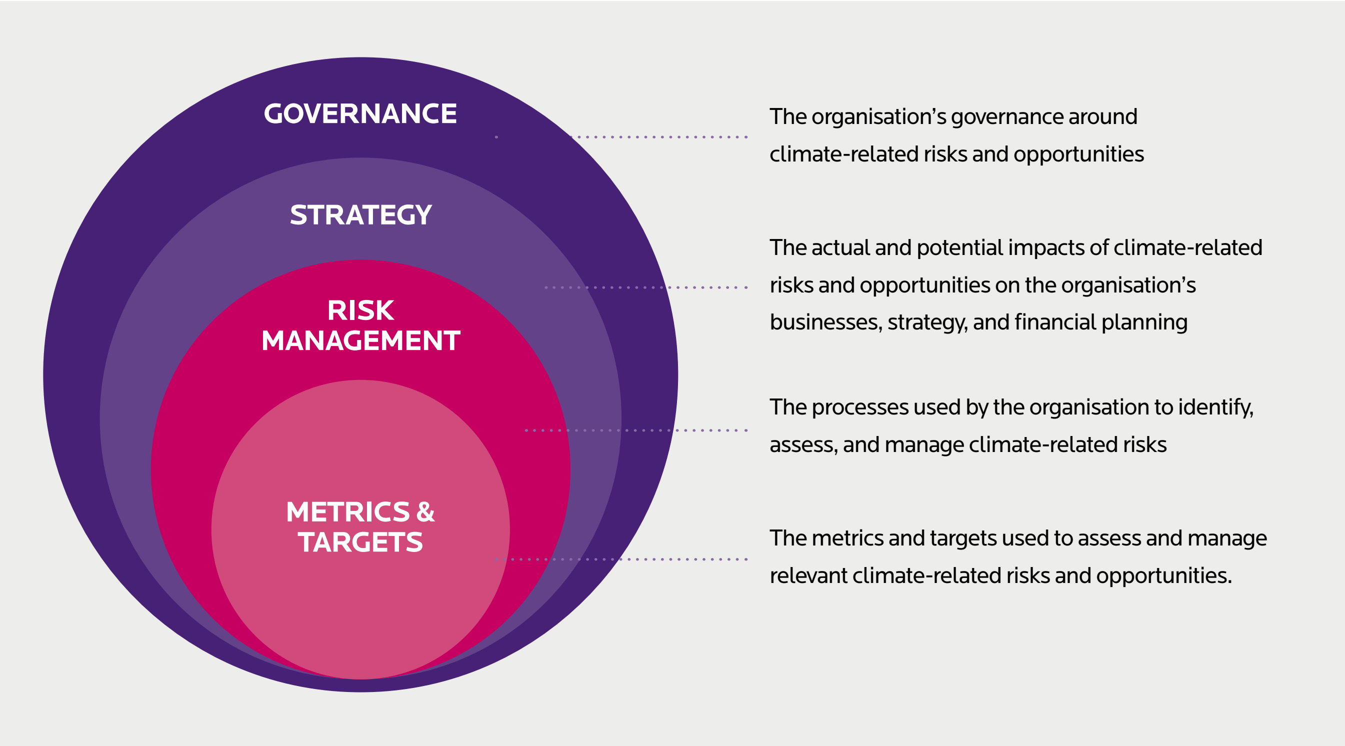
Our approach to materiality will be regularly reviewed and our materiality matrix will be revised based on our continued engagement with key stakeholders and consideration of emerging challenges with a consistent focus on delivering our ESG Strategy. Further information on our stakeholder and materiality approach is available in Energia Group's Responsible Business Report.

Climate Risk & Opportunity

Energia Group's approach to TCFD

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 the short, medium and long term.

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. The core elements of recommended Climate-Related Financial Disclosures are outlined below.



In FY23 we held a series of workshops to consider the climate risks and opportunities relevant to Energia Group following a TCFD-aligned approach.

A selection of physical and transitional risks and opportunities for the Group were identified and are summarized in the table below.

TYPE OF RISK / OPPORTUNITY	RISK / OPPORTUNITY
Physical Risk (Acute)	Extreme weather events, such as storms can pose challenges to our business. » Potential for disruption to business. » Damage to renewable energy assets. » Extreme low temperatures and cold outbreak events could result in more demand for heating and energy causing extreme demand surges.
Physical Risk (Chronic)	Changes in climate patterns causing sustained higher temperatures that can result in lower rainfall and reduced wind levels which could be a risk to our business. » Reduced renewable energy output. » Higher temperatures and winter precipitation mean lower demand for heating and energy. » Future climate changes reduce gas and power forecasting accuracy.
Transitional Risk	Policy Environment for development of renewable energy capacity. » Delays in planning could delay construction timelines for onshore and offshore wind and solar generation capacity.
Opportunity	Development and expansion of low emission goods and/or services such as EV charging, heat pumps and other retrofit services help to empower customers to be part of the energy transition. » Provide service to customers enhancing our brand, increasing loyalty and protecting our market share.

CDP

During the year, Energia Group achieved a B-, an excellent achievement as a first-time responder to the CPD Climate Change programme. B companies are those that are already taking responsibility for their impacts & taking actions to manage them. The next stage is to accelerate that strategy, in line with best practice. Energia Group is committed to continuing to provide the various disclosures to CDP and participate in the CDP network.

Biodiversity

Building green and protecting our environment and the biodiversity that surrounds us is an important focus for how we build and operate our energy infrastructure.

Energia Group has committed to supporting the All-Ireland Pollinator Plan and is taking action to support pollinators and their habitats. We are implementing measures to protect and enhance pollinator habitats.

Habitat Management and Enhancement Plans are in place at our wind farms to protect and enhance the existing habitats. At our Long Mountain wind farm in Antrim we have re-wetted areas of peatland to create the conditions suitable for the establishment of peat forming vegetation.

The Marsh Fritillary butterflies are Ireland's only protected insect and occur wherever their food plant, devil's-bit scabious, occurs. At our Eshmore wind farm in Tyrone we have fenced off an area of suitable habitat to help this particular species of butterfly.

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 target based on climate science and will see the overall carbon intensity of our electricity generation fall from 332 gCO2 /kWh in FY20 to 165 gCO2 /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 the Greater Dublin Area. 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 threefold the amount of onshore renewable electricity we generate and through the development of our offshore wind and solar portfolios by 2030.

Our Electricity Generation and Carbon Emissions

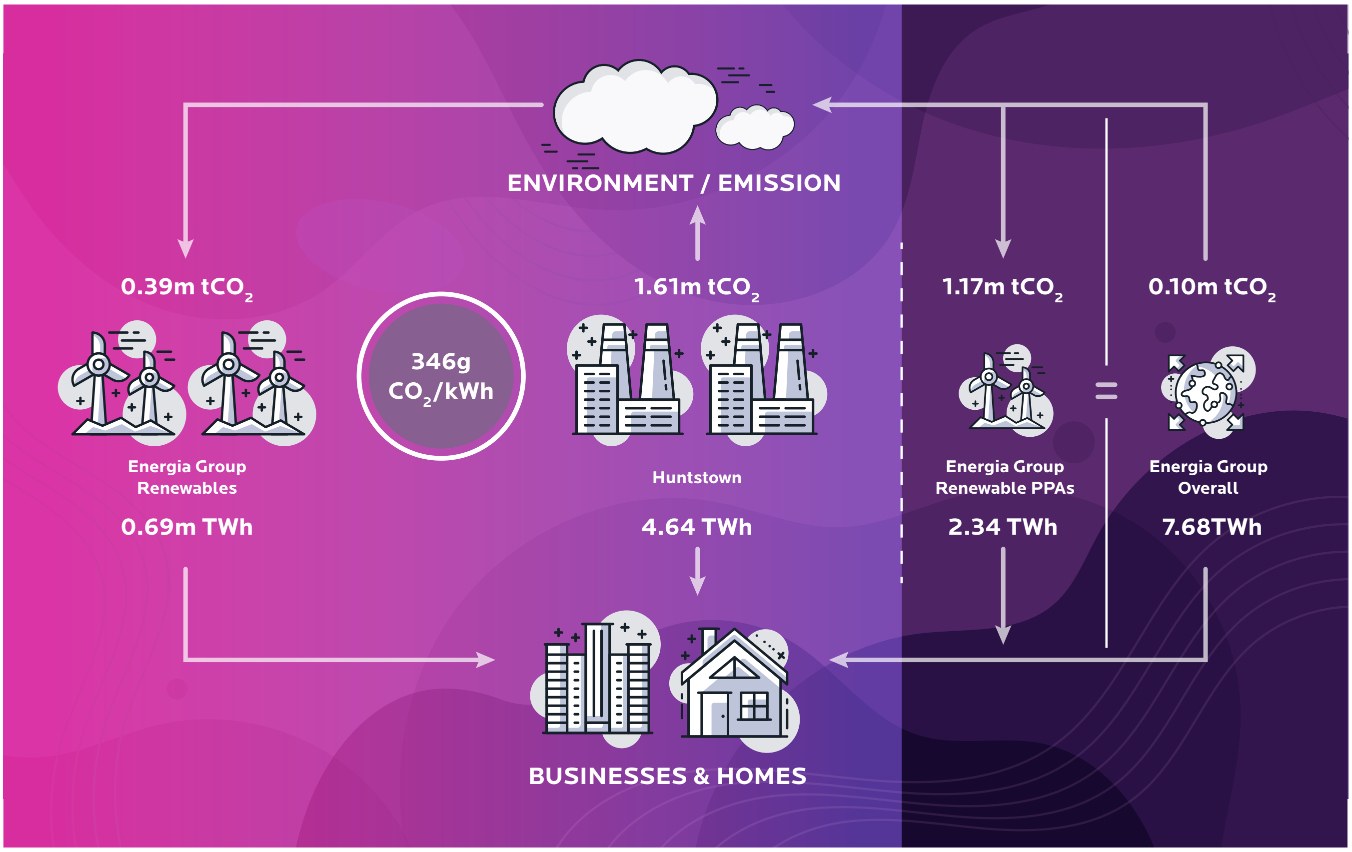
Overall in FY23 the Group's electricity generation assets generated 4.64 TWh of electricity, emitting 1.61m tCO_2 and resulting is a carbon intensity of electricity generation of 346g CO_2 /kWh. This represents an increase in the carbon intensity figure for FY22 (330g CO_2/kWh) and is a result of higher levels of generation at Huntstown.

There are two primary reasons for the growth in Huntstown's generation and consequently emissions. The first is the lengthy outage Huntstown 2 experienced in FY22 and the second factor is the criticality of Huntstown to security of supply in Dublin and to the wider system. In FY23, 17.4% of Huntstown's generation and 19.8% of emissions, were directly as a consequence of security of supply requirements in Dublin and instructions from EirGrid to increase the level of production at one or both units. There was also a greater reliance on Huntstown to meet overall demand on the system in FY23, highlighting the wider security of supply issues within the Single Electricity Market.

In FY23, the Group's 15 onshore windfarms generated 695 GWh of renewable electricity and a further 11.9% of all available generation from these sites was lost due to system constraints and curtailment. The generation lost to constraints and curtailment is the equivalent to all of the output from a 31 MW onshore windfarm and would generate enough renewable electricity to power over 22,000 homes for one year. The primary reason for these losses was in inability of the local grid to transfer the power from the windfarm (constraints), an issue that must be addressed through future network planning investment.

As well as the onshore wind assets owned and operated by the Group, we also have a renewable PPA portfolio, 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) and provide a clear route to market for their generation. Overall, the Group was responsible for supplying 2.34 TWh of renewable electricity to the all-island market through third-party PPAs, avoiding 1.17m tCO_2.



Our Emissions 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 estimated 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	FY23
		tCO_2e	tCO_2e	tCO_2e	tCO_2e
Scope 1	Huntstown Electricity Generation	1,181,064	1,196,162	1,049,493	1,607,641
	Company Vehicles	79	75	69	99
Scope 2	*Energy Use (electricity, heating oil and gas)	287	23	39	46
	Total - Scope 1 + 2	**1,181,429**	**1,196,260**	**1,049,601**	**1,607,786**
Scope 3**	Water		22	7	7
	Gas Sales	567,106	553,477	540,440	479,493
	Business Travel (grey fleet and air travel)	156	23	44	145
	Business Travel (trains)				0.2
	Waste to Landfill		0.3	0.1	3.1
	Employee Commute				593
	Homeworking				314
	Total	**1,748,692**	**1,749,783**	**1,590,092**	**2,088,342**
Key Climate Metrics	Carbon Intensity of Generation gCO_2/kWh	332	330	330	346
	Renewable Generation GWh	672	691	644	593

*Market rate used for scope 2 electricity

**Scope 3 emissions are calculated in line with methodologies set out by the Greenhouse Gas Protocol and UK Government greenhouse gas conversion factors. The Group's scope 3 reporting is expected to continue to evolve in future years.

Empowering our customers on their energy transition journey

Energia Group is passionate about supporting both our residential and business customers' in their 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).

Further information on the key steps we are taking to support our customers in their energy transition journey including 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 is available in Energia Group's Responsible Business Report.

Our People

Our Strategy

Energia Group recognises that talented and innovative people want to work for responsible businesses. We are focussed 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.

The Group's activities support SDG 8: Decent Work and Economic Growth and SDG 5 Gender Equality: To achieve gender equality and empower all women and girls 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 a safe and decent work environment.

A significant amount of the Group's activity in this area is also focussed 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 are also committed to empowering our team to support community activities and initiatives thereby creating change for social good.

Women's health policies, Pregnancy Loss and Fertility Treatment, a Manager's guidance document to support women through the Menopause and an initiative to provide free period care products to employees across all our offices have been launched as part of a programme of measures to help progress SDG 5 Gender Equality.

Further information on our People Strategy including information on some of our Learning and Development, Diversity and Inclusion and Health, Safety and well-being initiatives is available in Energia Group's Responsible Business Report.

Our Team

We have a high performing team of 1,090 talented employees working across the Group with 209 employees based in ROI and 881 based in Northern Ireland. A total of 309 new employees, of which 123 were female, joined the Group in the last year.

The Energia Group Management Board comprises 12 senior management, of which 4 are female. Our team is split by 45% female and 55% male with 46% of all managers being female.

At 31 March	2023		2022	
	Male Number	Female Number	Male Number	Female Number
Energia Group Limited Board[1]	1	-	1	-
Energia Group NI Holdings Limited Board[2]	10	1	10	1
Senior Management[3]	8	4	8	4
Other Employees	595	483	541	440

Gender Pay Gap

Energia Group want all of its employees to feel valued and we are committed to creating greater equality in pay and reducing our gender pay gap. The Group, nor any of its subsidiaries, is not yet required to report its Gender Pay Gap (GPG) but does so within this report on a voluntary basis. For the purposes of this voluntary GPG disclosure, the Group uses the UK GPG methodology and in 2022 the median GPG was 18.8% which was a 4.2% reduction from the previous year. Over the past year we have implemented actions to address the gap including hybrid working, women networks, mentoring, brand amplification, women's health policies and a greater focus on Diversity & Inclusion. In addition, the percentage of females in the upper middle quartile increased by 5.8% compared to the previous year.

[1] 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
[2] 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 included in the employee numbers for Senior Management
[3] Senior Management comprises members of the EGMB

Community

Commitment to Community

Energia Group want to enrich communities 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).

We are committed to making a positive impact in the communities in which we operate and serve through comprehensive and meaningful engagement with people living in those community on all issues of relevance. The Group has strong links with community groups, NGOs and Education programmes through various partnerships, our employee volunteering programmes, Greener Possibilities and Windfarm Community Benefit funds.

From a cultural perspective Energia Group is supporting the national Wexford Opera festival and is also the national sponsor of Seachtain na Gaeilge le Energia.

In sport, Energia is the sustainable energy partner of the IRFU and sponsor of the Energia All Ireland Leagues and also sponsors a range of local and regional sporting activities and events.

Overall in FY23 Energia Group provided over €1 million to a diverse range of local community groups and charities across the island of Ireland. For further information on our community activities please see Energia Group's Responsible Business Report FY23.

Energia Group has also won a wide range of awards for programmes encompassing sustainability, innovation in energy supply, customer service, sponsorships and community engagement. Energia Group is also 1 of only 41 companies in Ireland to have been awarded the Business Working Responsibly Mark by Business in the Community Ireland. For further information on our community activities please see Energia Group's Responsible Business Report FY23.

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 2008. Prior to this, Peter was Finance Director for Energia and 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, Trading and Regulation in 2020. He joined the Group in 2002 and has held a number of senior roles within Energia, most recently Director of Trading and 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 and Customer Solutions Chief Operating Officer

Catherine was appointed Chief Information Officer in 2011 with responsibility for technology, data and digital across the Energia Group from a strategy, delivery and run perspective. In 2023, her role was expanded to include operational responsibility for the Power NI and Energia Customer Solutions businesses. 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 manager with over $37 billion in assets under management focused on investing in North America, Europe, Asia, and Latin America. Headquartered in Miami, the firm has more than 215 professionals across its offices in Miami, Hong Kong, London, New Delhi, Singapore, Taipei and Sydney. I Squared Capital has invested in a diverse portfolio of 77 companies in 59 countries with over 31,000 employees across the utilities, energy, digital infrastructure, transport, environmental infrastructure, and social infrastructure sectors providing essential services to millions of people around the world.

Directorship

The Directors of the Company who held office during the year were:

Ronald Schweizer – resigned on 29 July 2022
Dustin Schiavi – appointed on 29 July 2022 and resigned on 24 January 2023
Patrick Finan – appointed on 24 January 2023

All of the directors noted above are representatives of I Squared Capital. The background and experience of the current director, Patrick Finan, is summarised as follows:

Patrick Finan

Patrick Finan has almost twenty years' experience in the finance industry. He joined I Squared Capital in April 2020 and prior to this he was Head of Finance at Terra Firma Capital Partners. He holds an LLB in Law from the London School of Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

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 80 has been approved by the Board and signed on its behalf by:

Patrick Finan
Director

Registered office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Registered Number: 192375

1 June 2023

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.

INDEPENDENT AUDITORS' REPORT

To the Director of Energia Group Limited

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Energia Group Limited for the year ended 31 March 2023 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 2023 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 directors' 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.

Our responsibilities and the responsibilities of the directors 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 directors are 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 course of 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 directors

As explained more fully in the directors' responsibilities statement set out on page 82, the directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the group or to cease operations, or have 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 (International Financial Reporting Standards (IFRSs) as adopted by the European Union and the relevant direct and indirect tax compliance regulation in the United Kingdom, Republic of Ireland 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 determined that there was a fraud risk associated with overstatement of revenue arising either by overstatement of unbilled revenue estimates or by understatement of provisions for I-SEM resettlement revenue adjustments. Our testing of revenue in response to the identified fraud risks included;

understanding the process for management estimation which included challenge of all key assumptions; testing and sensitivity analysis on assumptions; and performing a retrospective review of prior period estimates to determine management's accuracy within the estimation process. We also considered post year end invoicing and revenue settlement to confirm managements estimation accuracy and performed analytical review procedures to assess movements according to expectations. Furthermore, we performed procedures on a sample of revenue transactions in the financial period to test existence, valuation and cut off.

- We also identified impairment of goodwill and PPE (Property, Plant and Equipment) as a significant risk. Our procedures included: obtaining an understanding of the process undertaken by management; assessment of appropriateness of CGUs considered by management; review of and assessment of the reasonableness of the method used and key assumptions included in respective impairment models, including corroborating to externally available data and by using internal specialists where necessary; sensitisation of assumptions used in impairment models; determination of our own point estimate and checking the mathematical accuracy of the impairment models.
- In addition, we considered the risk of fraud through management override which included key significant risk areas such as expected credit loss provisions 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
6 June 2023

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2023

	Notes	Results before exceptional items and certain remeasurements 2023 €m	Exceptional items and certain remeasurements (note 7) 2023 €m	Total 2023 €m	Results before exceptional items and certain remeasurements 2022 €m	Exceptional items and certain remeasurements (note 7) 2022 €m	Total 2022 €m
Revenue	4	4,568.3		4,568.3	3,221.7	-	3,221.7
Other income[1]		135.3		135.3	49.5	-	49.5
Operating (costs) / income	6	(4,349.2)	7.3	(4,341.9)	(3,093.2)	7.3	(3,085.9)
Operating profit	4	**354.4**	**7.3**	**361.7**	**178.0**	**7.3**	**185.3**
Finance (costs) / income	10	(43.8)	2.3	(41.5)	(50.9)	-	(50.9)
Finance income	10	4.3		4.3	0.1	-	0.1
Net finance (cost)/income		(39.5)	2.3	(37.2)	(50.8)	-	(50.8)
Profit before tax		**314.9**	**9.6**	**324.5**	**127.2**	**7.3**	**134.5**
Taxation	11	(53.0)	(2.1)	(55.1)	(22.0)	(3.8)	(25.8)
Profit for the year		**261.9**	**7.5**	**269.4**	**105.2**	**3.5**	**108.7**

[1]Other income in the current year relates to the UK government's Energy Price Guarantee scheme. In 2022 other income included 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 2023

	Notes	2023 €m	2022 €m
Profit for the year		**269.4**	**108.7**
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(49.7)	8.0
Net (loss) / gain on cash flow hedges		(660.7)	1,365.1
Gain on cash flow hedges transferred from equity to income statement		(160.5)	(600.6)
Income tax effect		127.7	(114.4)
		(693.5)	**650.1**
		(743.2)	**658.1**
Items that will not be reclassified to profit or loss:			
Remeasurement (loss) / gain on defined benefit scheme	23	(4.1)	3.7
Income tax effect		1.0	(0.4)
		(3.1)	**3.3**
Other comprehensive (loss) / income for the year, net of taxation		**(746.3)**	**661.4**
Total comprehensive (loss) / income for the year		**(476.9)**	**770.1**

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CONSOLIDATED BALANCE SHEET

as at 31 March 2023

ASSETS	Notes	31 March 2023 €m	31 March 2022 €m
Non-current assets:			
Property, plant and equipment	12	654.1	606.8
Intangible assets	13	648.3	681.6
Right-of-use assets	29	29.5	25.7
Derivative financial instruments	25	32.9	83.1
Net employee defined benefit asset	23	2.3	5.1
Deferred tax assets	11	41.7	25.3
		1,408.8	**1,427.6**
Current assets:			
Intangible assets	13	101.6	79.6
Inventories		4.3	4.7
Trade and other receivables	18	384.0	451.1
Derivative financial instruments	25	70.6	871.2
Other current financial assets	17	57.0	43.5
Cash and cash equivalents	19	625.6	420.9
		1,243.1	**1,871.0**
TOTAL ASSETS		**2,651.9**	**3,298.6**

LIABILITIES	Notes	31 March 2023 €m	31 March 2022 €m
Current liabilities:			
Trade and other payables	20	(683.6)	(728.2)
Income tax payable		(1.1)	(4.4)
Financial liabilities	21	(111.9)	(94.2)
Deferred income	22	(1.7)	(0.2)
Derivative financial instruments	25	(168.9)	(139.9)
		(967.2)	**(966.9)**
Non-current liabilities:			
Financial liabilities	21	(901.0)	(962.9)
Derivative financial instruments	25	(1.8)	(9.5)
Deferred income	22	(8.2)	(2.3)
Deferred tax liabilities	11	(57.1)	(158.7)
Provisions	24	(24.9)	(29.7)
		(993.0)	**(1,163.1)**
TOTAL LIABILITIES		**(1,960.2)**	**(2,130.0)**
NET ASSETS		**691.7**	**1,168.6**
Equity			
Share capital	26	-	-
Share premium		750.6	783.2
Retained earnings		15.7	(301.0)
Capital contribution reserve		2.7	2.7
Hedge reserve		(29.9)	681.4
Foreign currency translation reserve		(47.4)	2.3
TOTAL EQUITY		**691.7**	**1,168.6**

The financial statements were approved by the Board and authorised for issue on 1 June 2023.
They were signed on its behalf by:

Patrick Finan
Director
Date: 1 June 2023

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	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
At 1 April 2021		-	**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
Total comprehensive income		-	**7.3**	**103.8**	**0.3**	**650.7**	**8.0**	**770.1**
Share-based payments	32	-	-	0.1	-	-	-	0.1
Dividend paid	31	-	-	-	(40.0)	-	-	(40.0)
At 31 March 2022		-	**783.2**	**(301.0)**	**2.7**	**681.4**	**2.3**	**1,168.6**
Exchange adjustment		-	(32.6)	50.4	-	(17.8)	-	-
Profit for the year		-	-	269.4	-	-	-	269.4
Other comprehensive expense		-	-	(3.1)	-	(693.5)	(49.7)	(746.3)
Total comprehensive (expense) / income		-	**(32.6)**	**316.7**	**-**	**(711.3)**	**(49.7)**	**(476.9)**
At 31 March 2023			**750.6**	**15.7**	**2.7**	**(29.9)**	**(47.4)**	**691.7**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Notes	2023 €m	2022 €m
Cash generated from operations before working capital movements	27	**414.1**	**233.0**
Working capital adjustments:			
Decrease / (increase) in inventories		0.4	(0.2)
Decrease / (increase) in trade and other receivables		57.5	(188.9)
Increase in security deposits		(15.0)	(30.8)
(Decrease) / increase in trade and other payables		(41.3)	331.1
Increase in EBSS creditor due to receipt of restricted cash*	19	5.7	-
Effects of foreign exchange		2.0	(0.2)
		423.4	**344.0**
Interest received		3.9	0.1
Interest paid		(40.0)	(43.2)
		(36.1)	**(43.1)**
Income tax paid		(44.3)	(9.2)
Net cash flows from operating activities		**343.0**	**291.7**

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

for the year ended 31 March 2023

Investing activities			
Purchase of property, plant and equipment		(92.4)	(54.9)
Purchase of intangible assets		(252.8)	(227.2)
Proceeds from sale of intangible assets		218.0	229.1
Disposal of subsidiary, net of cash disposed			(0.2)
Receipt of government grants	21	0.7	0.3
Deferred income received	21	6.9	-
Acquisition of subsidiaries	15		(28.0)
Net cash flows used in investing activities		**(119.6)**	**(80.9)**
Financing activities			
Proceeds from issue of borrowings	28	81.0	59.3
Repayment of borrowings	28	(82.4)	(23.5)
Dividend paid to parent undertaking	31		(40.0)
Payment of principal portion of lease liabilities	29	(3.2)	(3.2)
Net cash flows used in financing activities		**(4.6)**	**(7.4)**
Net increase in cash and cash equivalents		**218.8**	**203.4**
Net foreign exchange difference		(14.1)	1.0
Cash and cash equivalents at 1 April	19	420.9	216.5
Cash and cash equivalents at 31 March*	19	**625.6**	**420.9**

*Included in cash and cash equivalents at 31 March 2023 is €5.7m restricted cash received from the UK Government in relation to administration of the Energy Bills Support Scheme which will be paid directly to qualifying customers with any surplus after cessation of the scheme in June 2023 to be repaid to the UK government. This cash is not freely available in the normal course of business.

1. CORPORATE INFORMATION

The consolidated financial statements of Energia Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Director on 1 June 2023. 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 to 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 2023.

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 monthly analysis of forecast future cashflows has been prepared by management. The forecasts were based on key assumptions including fuel prices (applying forward curves for commodities) and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

In preparing the forecasts, consideration was also given to the Group's Sterling Senior secured notes of £225m which are due to mature on 15 September 2024. Notwithstanding that the Group has a number of refinancing options available to it, the base case cash flow analysis shows that the Group has sufficient financial headroom to enable repayment of the notes in full out of cash reserves, on or before the maturity date.

Sensitivity analysis was undertaken in relation to the key assumptions to reflect the impact of reduced demand together with potential delays in customers paying their bills. In all scenarios tested, the Group has 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 2023. 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.

(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. Revenue in relation to Huntstown's emergency generation project is recognised in accordance with IFRS 15 with development fees recognised over time and development milestone payments recognised at the point when the milestones are achieved,

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.

Energy Price Guarantee

The Energy Price Guarantee Scheme (EPG) was introduced in Northern Ireland in November 2022 by the UK government. The EPG protects domestic customers in NI from high energy costs by applying a discount to the unit rate of electricity charged. Following the implementation of the EPG (and for the duration of the scheme) the revenue recognised for these customers is, in line with IFRS 15, based on the volume of units supplied and the discounted tariff as determined by scheme rules. The government will pay the difference between the normal tariff and the discounted rate with amounts received from the government recognised as Other income within the profit and loss account. The Government pays weekly in arrears with the amounts due from the UK government included in Contract assets (accrued income).

Energy Bills Support Scheme (EBSS) and Alternative Fuels Payment (AFP)

A single non-repayable support payment totaling £600 was made by the UK Government to all households in NI (£400 under the Energy Bills Support Scheme and £200 under the Alternative Fuels Payment). Acting on behalf of the UK Government, Power NI administered delivery of the support payments to its residential electricity customers in the form of a direct payment to Direct Debit customers or a voucher redeemable at the Post Office for Prepayment and Non-Direct Debit credit customers. Cash received from the government in relation to the scheme is held in a restricted bank account and is not freely available in the normal course of business, Power NI are entitled to draw money from the restricted account once payments have been made directly to customers or to the Post Office under the voucher scheme. Any surplus funds held in the account after cessation of the scheme in June 2023 will be returned to the UK government.

Inframarginal Revenue Cap

In October 2022, EU Member States formally adopted a Regulation introducing measures to mitigate high energy prices which included a revenue cap on inframarginal electricity generating companies including intermediaries. The Irish government agreed a cap of €120 MWh for wind and solar generators to apply from 1 December 2022 – 30 June 2023.

The Capped revenue is calculated by multiplying the generating unit's relevant quantity (using data provided by Eirgrid & ESB Networks) by the relevant level of the cap (€120 per MWh for wind) on a monthly basis with any excess revenue above the cap due to be paid to the government. Accordingly, a provision has been recognised based on the difference between capped revenue and actual market revenue received.

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 CO2 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

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 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 subequent 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).

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) Deferred Income

Capital contributions received in respect of property, plant and equipment are deferred and released to revenue in the income statement by instalments over the estimated useful lives of the related assets.

(v) 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, inflation and interest rates that may impact the Group customers' ability to pay. At 31 March 2023 the level of unbilled revenue not recognised was €37.6m (2022 - €44.7m). 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 €1.5m. 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 the current economic environment including the impact of higher sustained energy costs, higher inflation and interest rate increases 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 2023 the Market Operator has resettled these markets up to 3 December 2022 for M+4 resettlement and 5 March 2022 for M+13 resettlement in line with the expected market resettlement timetable of 4 months and 13 months after initial settlement. The market has had two main system fixes released over the last year however 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 54-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 on average c.1.6% from October 2018 (2022 – c.3.5% for all periods from October 2018) 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.

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 €3.8m.

(w) 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 2024 and must be applied retrospectively.

The amendments are not expected to have a material impact on the Group's financial statements.

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 amendments are not expected to have a material impact on the Group's financial statements.

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 amendments are not expected to have a material impact on the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective from 1 January 2023 should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are not expected to have a material impact on the Group's financial statements.

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 1,247MW of renewable generation capacity throughout Ireland.

(ii) Flexible Generation

Consists of electricity generation from the Group's two Huntstown CCGT plants and development of emergency gas generation capacity at Huntstown (currently under construction and targeted to be commissioned in Second Half 2024) together with operation of a 50MW battery storage facility in Belfast and the

(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.

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

	2023 €m	2022 €m
Renewables	427.2	401.9
Flexible Generation	1,769.7	989.5
Customer Solutions	2,345.2	1,780.1
Inter-group eliminations	(123.6)	14.7
Group segment revenue	**4,418.5**	**3,186.2**
Adjustment for over – recovery:		
Flexible Generation	50.1	27.9
Customer Solutions	99.7	7.6
Total adjustment for over – recovery	**149.8**	**35.5**
Total revenue	**4,568.3**	**3,221.7**

The adjustment for over - recovery represents the amount by which the regulated businesses over - recovered against their regulated entitlement.

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(b) Operating Profit

	2023 €m	2022 €m
Segment Pro-Forma EBITDA		
Renewables	224.5	211.5
Flexible Generation	204.7	104.0
Customer Solutions	(162.1)	(115.4)
Group Pro-Forma EBITDA	**267.1**	**200.1**
Adjustment for over - recovery	149.8	35.5
Group EBITDA	**416.9**	**235.6**
Depreciation / amortisation		
Renewables	(30.5)	(30.0)
Flexible Generation	(15.7)	(10.6)
Customer Solutions	(16.3)	(17.0)
Group depreciation and amortisation	**(62.5)**	**(57.6)**
Operating profit pre-exceptional items and certain remeasurements		
Renewables	194.0	181.5
Flexible Generation	189.0	93.4
Customer Solutions	(178.4)	(132.4)
Group Pro-Forma operating profit	**204.6**	**142.5**
Adjustment for over - recovery	149.8	35.5
Operating profit pre-exceptional items and certain remeasurements	**354.4**	**178.0**
Exceptional items and certain remeasurements		
Renewables	(4.3)	(27.9)
Flexible Generation	47.0	30.0
Customer Solutions	(35.4)	5.2
Group operating profit post exceptional items and certain remeasurements	**361.7**	**185.3**
Finance cost	(41.5)	(50.9)
Finance income	4.3	0.1
	(37.2)	**(50.8)**
Profit on ordinary activities before tax	**324.5**	**134.5**

(c) Capital expenditure

Capital additions to property, plant and equipment	2023 €m	2022 €m
Renewables	42.2	16.7
Flexible Generation	55.1	39.0
Customer Solutions	0.7	1.1
Total	**98.0**	**56.8**

Capital additions to intangible assets	2023 €m	2022 €m
Renewables	154.0	146.7
Flexible Generation	87.1	74.9
Customer Solutions	13.0	13.1
Total	**254.1**	**234.7**

Capital additions to right-of-use assets	2023 €m	2022 €m
Renewables	4.6	2.1
Customer Solutions	1.0	0.6
Total	**5.6**	**2.7**

(d) Geographic information

Non-current operating assets	2023 €m	2022 €m
UK	459.5	500.3
RoI	872.4	813.8
Total	**1,331.9**	**1,314.1**

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and right-of-use assets.

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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 2023:

2023	Renewables €m	Flexible Generation €m	Customer Solutions €m	Total €m
Type of goods or service:				
Supply of electricity and gas	-	-	2,334.6	2,334.6
Electricity generation	422.5	1,769.5	-	2,192.0
Other	4.7	0.2	10.6	15.5
Inter-group eliminations	(0.2)	(114.9)	(8.5)	(123.6)
Group	**427.0**	**1,654.8**	**2,336.7**	**4,418.5**
Adjustment for over - recovery	-	50.1	99.7	149.8
Total revenue from contracts with customers	**427.0**	**1,704.9**	**2,436.4**	**4,568.3**

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 2022:

2022	Renewables €m	Flexible Generation €m	Customer Solutions €m	Total €m
Type of goods or service:				
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
Group	**401.9**	**1,011.9**	**1,772.4**	**3,186.2**
Adjustment for over - recovery	-	27.9	7.6	35.5
Total revenue from contracts with customers	**401.9**	**1,039.8**	**1,780.0**	**3,221.7**

5.1 Disaggregated revenue information (contd.)

Geographical markets:	2023 €m	2022 €m
UK	1,696.8	1,317.2
RoI	2,871.5	1,904.5
Total revenue from contracts with customers	**4,568.3**	**3,221.7**

Timing of revenue recognition:		
Transferred over time	4,409.9	3,079.7
Transferred at a point in time	158.4	142.0
Total revenue from contracts with customers	**4,568.3**	**3,221.7**

Trade receivables arising from contracts with customers are disclosed in note 18.

6. OPERATING COSTS

	2023 €m	2022 €m
Operating costs are analysed as follows:		
Energy costs	4,113.9	2,873.8
Employee costs	62.4	52.4
Depreciation and amortisation	62.5	57.7
Other operating charges	110.4	109.3
Total pre-exceptional items and certain remeasurements	**4,349.2**	**3,093.2**
Exceptional items and certain remeasurements (see note 7):		
Energy costs / (income)	30.6	(1.2)
Depreciation, amortisation and impairment	(34.5)	(6.1)
Acquisition and disposal costs	1.6	-
Other operating income	(5.0)	-
Total exceptional income and certain remeasurements	**(7.3)**	**(7.3)**
Total operating costs	**4,341.9**	**3,085.9**

6.1 Depreciation, amortisation and impairment

	2023 €m	2022 €m
Depreciation	44.1	38.9
Amortisation of intangible assets	16.3	16.8
Amortisation of right-of-use assets	2.1	1.9
Pre exceptional items	**62.5**	**57.6**
Impairment of property, plant and equipment	(34.5)	(6.1)
Post exceptional items	**28.0**	**51.5**

7. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	2023 €m	2022 €m
Exceptional items in arriving at profit from continuing operations:		
Net impairment of fixed assets[1]	34.5	6.1
Acquisition and disposal costs[2]	(1.1)	(1.1)
Loss on disposal of subsidiary[3]	(0.5)	-
Release of contingent consideration[4]	5.0	1.1
Exceptional finance income[5]	2.3	-
	40.2	**6.1**
Certain remeasurements in arriving at profit		
Net (loss) / profit on derivatives at fair value through operating costs[6]	(30.6)	1.2
	(30.6)	**1.2**
Exceptional items and certain remeasurements before taxation	**9.6**	**7.3**
Taxation on exceptional items and certain remeasurements	(2.1)	(3.8)
Exceptional items and certain remeasurements after taxation	**7.5**	**3.5**

The tax charge in the profit and loss account relating to exceptional items and certain remeasurements is:

	2023 €m	2022 €m
Fair valued derivatives through profit and loss	4.4	0.1
Fair valued derivatives through finance costs	(0.6)	-
Net impairment of property, plant and equipment	(5.9)	(3.9)
	(2.1)	**(3.8)**

[1] Impairment of property, plant and equipment €9.4m (2022 - €23.9m impairment), impairment of renewable development asset €3.1m and partial reversal of impairment of €47.0m in relation to both Huntstown CCGT plants (2022 - reversal of impairment of €30.0m in relation to the Huntstown 2 CCGT plant).

[2] Exceptional acquisition and disposal costs of €1.1m (2022 - €1.1m) relate to costs associated with acquisitions whether successful or unsuccessful.

[3] Loss on disposal of subsidiary of €0.5m relates to disposal of Energia Group Insurance Limited.

[4] Release of contingent consideration of €5.0m (2022 - €1.1m) relates to a fair value adjustment to contingent consideration for renewable generation development projects.

[5] Exceptional finance income of €2.3m (2022 - nil) relates to a gain on the termination of interest rate swaps in Huntstown Bioenergy.

[6] Net loss on derivatives at fair value through operating costs of €30.6m (2022 - €1.2m profit) 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.

	2023 €'000	2022 €'000
Audit of these financial statements	53	47
Audit of subsidiaries pursuant to legislation	476	398
	529	**445**
Fees payable to the Company's auditor and its associates for other services:		
Audit related assurance services	26	9
Taxation compliance services	40	71
Taxation advisory services	83	107
Total non-audit services	**149**	**187**

9. EMPLOYEES

	2023 €m	2022 €m
Salaries	59.8	49.9
Social security costs	6.9	5.7
Pension costs		
- defined contribution plans	4.1	3.5
- defined benefit plans	0.5	0.6
	71.3	**59.7**
Less salaries capitalised in property, plant and equipment and intangible assets	(8.9)	(7.3)
Charged to the income statement	**62.4**	**52.4**

	Actual headcount at 31 March		Average during the year	
	Number 2023	Number 2022	**Number 2023**	Number 2022
Renewables	44	60	57	60
Flexible Generation	74	69	70	69
Customer Solutions	972	864	912	812
	1,090	**993**	**1,039**	**941**

Director's emoluments

No amounts were paid to the Director in respect of qualifying services or long-term investment plans during the year (2022 - €nil).

Included in salary costs above is an amount of €nil (2022 - €0.1m) in relation to the Group's Management Investment Plan (see note 32).

10. FINANCE COSTS / INCOME

Finance Costs	Results before exceptional items and certain remeasure ments 2023 €m	Exceptional items and certain remeasure ments 2023 €m	Total 2023 €m	Results before exceptional items and certain remeasure-ments 2022 €m	Exceptional items and certain remeasure-ments 2022 €m	Total 2022 €m
Finance costs						
Interest on external bank loans and borrowings	(16.2)		(16.2)	(16.7)	-	(16.7)
Interest on senior secured notes	(26.4)		(26.4)	(26.5)	-	(26.5)
Total interest expense	**(42.6)**		**(42.6)**	**(43.2)**	**-**	**(43.2)**
Amortisation of financing charges	(3.6)		(3.6)	(3.4)	-	(3.4)
Unwinding of discount on decommissioning provision	(0.4)		(0.4)	(0.1)	-	(0.1)
Unwinding of discount on contingent consideration	(1.0)		(1.0)	(1.3)	-	(1.3)
Accretion of lease liability	(1.9)		(1.9)	(1.7)	-	(1.7)
Other finance (charges) / income	(0.9)	2.3	1.4	(0.5)	-	(0.5)
Total other finance (charges) / income	**(7.8)**	**2.3**	**(5.5)**	**(7.0)**	**-**	**(7.0)**
Net exchange gain / (loss) on net foreign currency borrowings	5.6		5.6	(1.7)	-	(1.7)
Less interest capitalised in qualifying asset	1.0		1.0	1.0	-	1.0
Total finance (costs) / income	**(43.8)**	**2.3**	**(41.5)**	**(50.9)**	**-**	**(50.9)**
Finance income						
Interest income on bank deposits	4.3		4.3	0.1	-	0.1
Total finance income	**4.3**		**4.3**	**0.1**	**-**	**0.1**
Net finance (costs) / income	**(39.5)**	**2.3**	**(37.2)**	**(50.8)**	**-**	**(50.8)**

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 3.75% (2022 – 3.5%).

11. INCOME TAX

The major components of the tax charge for the years ended 31 March 2023 and 2022 are as follows:

Current tax:	Results before exceptional items and certain remeasure ments 2023 €m	Exceptional items and certain remeasure ments (note 7) 2023 €m	Total 2023 €m	Results before exceptional items and certain remeasure-ments 2022 €m	Exceptional items and certain remeasure-ments (note 7) 2022 €m	Total 2022 €m
Current tax (charge) / income	(46.2)	3.8	(42.4)	(13.9)	0.1	(13.8)
Adjustments in respect of prior years	0.6		0.6	1.8	-	1.8
Total current tax (charge) / income	**(45.6)**	**3.8**	**(41.8)**	**(12.1)**	**0.1**	**(12.0)**
Deferred tax:						
Origination and reversal of temporary differences	(8.2)	(5.9)	(14.1)	(9.7)	(3.9)	(13.6)
Adjustments in respect of prior years	0.1		0.1	(0.6)	-	(0.6)
Effect of increased rate on opening liability	0.7		0.7	0.4	-	0.4
Total deferred tax	(7.4)	(5.9)	(13.3)	(9.9)	(3.9)	(13.8)
Total taxation charge	**(53.0)**	**(2.1)**	**(55.1)**	**(22.0)**	**(3.8)**	**(25.8)**

Consolidated Statement of Other Comprehensive Income

	2023 €m	2022 €m
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Net loss / (gain) on revaluation of cash flow hedges	127.7	(114.4)
Net loss / (gain) on remeasurement of defined benefit scheme	1.0	(0.4)
Taxation credited / (charged) to Other Comprehensive Income	**128.7**	**(114.8)**

The tax charge for the year can be reconciled to the profit per the Income Statement as follows:

	2023 €m	2022 €m
Accounting profit before income tax	324.5	134.5
At the statutory income tax rate of 19% (2022 - 19%)	(61.6)	(25.6)
Non-taxable foreign exchange on debt	0.9	(0.2)
Utilisation of tax losses on which no deferred tax asset was recognised	3.2	3.7
Impairment of property, plant and equipment	(1.8)	(4.5)
Other	(1.2)	(4.1)
Effect of lower tax rates on overseas earnings	6.1	5.9
Impact of rate change on opening deferred tax balances	0.7	0.4
Difference in deferred tax rate versus current tax rate	(2.1)	(2.4)
Adjustments in respect of previous years	0.7	1.0
Tax charge	**(55.1)**	**(25.8)**

The deferred tax included in the balance sheet at 31 March 2023 and 2022 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
As At 1 April 2021	**(18.7)**	**14.8**	**2.8**	**-**	**(5.5)**	**1.4**	**(5.2)**
(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
As at 31 March 2022	**(30.4)**	**18.3**	**0.9**	**(1.3)**	**(119.5)**	**(1.4)**	**(133.4)**
(Charge) / credit to income statement	(14.8)	0.7	0.6	(0.3)	-	0.5	(13.3)
Credit to equity	-	-	-	1.0	127.7	-	128.7
Foreign exchange	1.1	(0.6)	-	-	2.1	-	2.6
As at 31 March 2023	**(44.1)**	**18.4**	**1.5**	**(0.6)**	**10.3**	**(0.9)**	**(15.4)**

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:

	2023 €m	2022 €m
Deferred tax assets	41.7	25.3
Deferred tax liabilities	(57.1)	(158.7)
Net deferred tax liabilities	**(15.4)**	**(133.4)**

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 2022 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 2023.

RoI deferred tax has been calculated at 12.5% as at 31 March 2023.

A deferred tax asset of €22.0m (2022 - €27.2m) has not been recognised in relation to €86.5m (2022 - €108.1m) of tax losses carried forward, and €2.4m (2022 - €1.8m) on other, due to uncertainty regarding the quantum of future taxable profits in the companies concerned.

12. PROPERTY, PLANT AND EQUIPMENT

	Thermal generation assets(ii) €m	Renewable generation assets(i) €m	Freehold operational land €m	Fixtures and equipment €m	Total €m
Cost or valuation:					
At 1 April 2021	**487.1**	**595.8**	**17.4**	**21.9**	**1,122.2**
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
At 31 March 2022	**509.6**	**615.9**	**25.5**	**24.3**	**1,175.3**
Exchange adjustment	(1.1)	(13.1)	-	(0.8)	(15.0)
Additions	32.0	42.0	22.7	1.6	98.3
Decommissioning provision for the new plant commissioned	0.1	-	-	-	0.1
Decrease in decommissioning provision	(3.1)	(1.9)	-	-	(5.0)
Disposal of subsidiary	-	(59.8)	(2.0)	-	(61.8)
At 31 March 2023	**537.5**	**583.1**	**46.2**	**25.1**	**1,191.9**
Depreciation and impairment: At 1 April 2021	**431.3**	**92.4**	**-**	**16.0**	**539.7**
Exchange adjustment	-	0.7	-	0.1	0.8
Impairment (reversal) / charge(ii)	(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**
At 31 March 2022	**406.4**	**143.3**	-	**18.8**	**568.5**
Exchange adjustment	-	(3.2)	-	(0.6)	(3.8)
Impairment (reversal) / charge	(47.0)	9.4	-	-	(37.6)
Disposal of subsidiary	-	(33.4)	-	-	(33.4)
Depreciation charge for the year	15.2	26.8	-	2.1	44.1
At 31 March 2023	**374.6**	**142.9**		**20.3**	**537.8**
Net book value:					
At 1 April 2021	55.8	503.4	17.4	5.9	582.5
At 31 March 2022	103.2	472.6	25.5	5.5	606.8
At 31 March 2023	**162.9**	**440.2**	**46.2**	**4.8**	**654.1**

(i) Included in renewable generation assets are amounts in respect of assets under construction amounting to €64.6m (2022 - €57.1m) and capitalised interest during the year of €1.0m (2022 - €1.0m). Included in thermal generation assets are amounts in respect of assets under construction amounting to €54.1 m (2022 - €21.6m).

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 further 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 8.3% (2022 – 8.6%) to their Net Book Value (NBV) at 31 March 2023. The VIU was calculated at €147m which resulted in a partial impairment reversal of €47m reflecting the plants success in obtaining capacity contracts to September 2027. Forecasted cashflows for the plants contained within the Group's five-year business plan are based on forecasted running profiles, (derived from forecasted market demand and generation capacity), forward fuel prices, together with projected operating costs and capital expenditure. The value in use resultant impairment reversal is sensitive to reasonably possible changes in assumptions. 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 carried out in the prior year in respect of the Hunstown Plants (Flexible Generation) resulted in a partial reversal of impairment of €30m of the 2018 impairment reflecting the plants success in obtaining capacity contracts to September 2026 and following the replacement of the Huntstown 2 transformer during the prior year.

In the Third Quarter of the current year, the business of Huntstown Bioenergy met the criteria for classification as held for sale and an impairment charge of €9.4m was recognised in respect of the Huntstown Bioenergy plant during the year (2022 - €23.9m) to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell.

(iii) Disposal of subsidiary relates to the disposal of Huntstown Bioenergy Limited in February 2023 as disclosed further in note 15.

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
Cost: At 1 April 2021	**95.1**	**17.1**	**72.4**	**84.9**	**545.1**	**814.6**
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
At 31 March 2022	**103.8**	**15.9**	**100.0**	**79.6**	**550.2**	**849.5**
Exchange adjustment	(3.4)	-	(2.0)	(2.6)	(22.7)	(30.7)
Additions	8.7	2.5	-	242.6	-	253.8
Disposal	-	-	-	(218.0)	-	(218.0)
At 31 March 2023	**109.1**	**18.4**	**98.0**	**101.6**	**527.5**	**854.6**
Amortisation: At 1 April 2021	**52.3**	**13.7**	**7.4**	**-**	**1.6**	**75.0**
Exchange adjustment	0.5	-	0.1	-	-	0.6
Reclassification	(0.3)	(3.8)	-	-	-	(4.1)
Amortisation	11.8	2.4	2.6	-	-	16.8
At 31 March 2022	**64.3**	**12.3**	**10.1**	**-**	**1.6**	**88.3**
Exchange adjustment	(2.5)	-	(0.5)	-	-	(3.0)
Impairment charge	-	-	3.1	-	-	3.1
Amortisation	11.4	2.5	2.4	-	-	16.3
At 31 March 2023	**73.2**	**14.8**	**15.1**		**1.6**	**104.7**

Net book value:						
At 1 April 2021	42.8	3.4	65.0	84.9	543.5	739.6
At 31 March 2022	39.5	3.6	89.9	79.6	548.6	761.2
At 31 March 2023	**35.9**	**3.6**	**82.9**	**101.6**	**525.9**	**749.9**

(i) Included in Emission Allowances, Energy Efficiency Credits and ROCs at 31 March 2023 is an amount of €11.8m (2022 - €10.2m) relating to self-generating ROCs which were initially recognised at fair value of €11.8m (2022 - €10.2m). ROCs are a current asset.

(ii) Impairment of renewable development assets of €3.1m is in relation to the reduction in carrying value of a renewable development project to bring it to it's net realisable value.

Intangible assets have been analysed as current and non-current as follows:

	2023 €m	2022 €m
Current	101.6	79.6
Non-current	648.3	681.6
	749.9	**761.2**

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	**2023 €m**	2022 €m
Customer Solutions - Energia	382.7	399.2
Customer Solutions - Power NI	143.2	149.4
Total goodwill	**525.9**	**548.6**

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 8.1% and 8.5% (2022 – 8.3% and 8.8%) 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 2025;

(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, which include Customer Solutions retail supply and renewable PPA operations of those respective statutory entities, 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

Disposals in 2023

On 23 February 2023 the Group disposed of its 100% interest in Huntstown Bioenergy Limited, a company involved in the construction of a bioenergy anaerobic digestion plant at Huntstown, County Dublin. The assets of Huntstown Bioenergy Limited were classified as held for sale during the third quarter of Financial Year 2023 which resulted in the Group recognising an impairment of €9.4m to property, plant and equipment so as to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. The company was subsequently disposed of on 23 February 2023.

On 1 July 2022, the Group disposed of its 100% interest in Energia Group Insurance Limited, an insurance business incorporated in Isle of Man, which resulted in a loss on disposal of €0.5m and cash proceeds of €0.9m.

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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
External interest receivable	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
Purchase consideration transferred	**25.1**	**0.7**	**25.8**
Purchase consideration is made up of:			
Cash	25.1	0.7	25.8
	25.1	**0.7**	**25.8**
Analysis of cash flows on acquisition:			
Cash	25.1	0.7	25.8
Discharge of liabilities	2.0	0.3	2.3
Net cash flows on acquisition	**27.1**	**1.0**	**28.1**

16. GROUP INFORMATION

Principal investments in which the Group held 100% of ordinary shares at 31 March 2023 are listed below:

Name	Principal Activities	Country of incorporation
Regulated businesses		
Power NI Energy Limited [*1]	Power procurement and supply of electricity	Northern Ireland
Renewables		
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 [*2]	Renewable generation	Northern Ireland
Clondermot Wind Limited [*2]	Renewable generation	Northern Ireland
Eshmore Ltd [*2]	Renewable generation	Northern Ireland
Gortfinbar Windfarm Limited [*2]	Renewable generation	Northern Ireland
Long Mountain Wind Farm Limited [*2]	Renewable generation	Northern Ireland
Mosslee Limited [*2]	Renewable generation	Northern Ireland
Thornog Windfarm Ltd [*2]	Renewable generation	Northern Ireland
Wheelhouse Energy (NI) Limited [*2]	Renewable generation	Northern Ireland
Cornavarrow Windfarm Limited [*2]	Renewable generation	Northern Ireland
Slieveglass Wind Farm Limited [*2]	Renewable generation	Northern Ireland
Teiges Mountain Wind Farm Limited [*2]	Renewable generation	Northern Ireland
Lisglass Wind Ltd [*]	Dormant Company	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
Holyford Windfarm Limited [*2]	Holding company	Republic of Ireland
Windgeneration Ireland Limited [*2]	Renewable generation	Republic of Ireland
Derrysallagh Wind Farm Limited [*2]	Renewable generation	Republic of Ireland
Whaplode Limited [*]	Renewable generation	Republic of Ireland
Coolberrin Wind Limited [*]	Renewable development	Republic of Ireland
XMR Energy Limited[*]	Renewable development	Republic of Ireland
Derrysallagh Supply Limited [*]	Renewable development	Republic of Ireland
Seven Hills Wind Limited [*]	Renewable supply	Republic of Ireland
Energia Solar Holdings Limited [*]	Renewable development	Republic of Ireland
Solar Farmers Limited [*]	Holding Company	Republic of Ireland
Energia Offshore Wind Limited[*]	Renewable development	Republic of Ireland
Drumlins Park Limited[*]	Renewable development	Republic of Ireland

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Gaofar Limited*	Renewable development	Republic of Ireland
Flexible Generation		
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	Northern Ireland
Customer Solutions		
Energia Customer Solutions NI Limited *	Service Company	Northern Ireland
Energia Customer Solutions Limited *	Energy supply	Republic of Ireland
Other		
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
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

	2023 €m	2022 €m
Other financial assets		
Financial assets at amortised cost:		
Security deposits	56.6	42.1
External interest receivable	0.4	-
Short-term managed funds		1.4
Total other financial assets	**57.0**	**43.5**
Total non-current		**-**
Total current	**57.0**	**43.5**

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

	2023 €m	2022 €m
Trade receivables (including unbilled consumption)	334.9	299.0
Contract assets (accrued income)	76.9	182.1
Prepayments	6.7	4.3
Other receivables	6.1	3.9
	424.6	**489.3**
Allowance for expected credit losses	(40.6)	(38.2)
	384.0	**451.1**

Trade receivables are non-interest bearing and are generally on terms of 14 to 90 days.

As at 31 March 2023, the Group has contract assets (accrued income) of €76.9m (2022 - €182.1m) which are expected to be settled in the next financial year. Contract assets (accrued income) settled in the current year amounted to €182.1m (2022 - €60.2m). Contract assets primarily relate to hedge debtors 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 (2022 - €nil). Trade receivables are 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
At 1 April 2021	**24.0**
Foreign exchange adjustment	0.1
Provision for expected credit losses	15.2
Write off	(1.1)
At 31 March 2022	**38.2**
Foreign exchange adjustment	(0.9)
Provision for expected credit losses	4.0
Write off	(0.7)
At 31 March 2023	**40.6**

As at 31 March, the ageing analysis of trade receivables is as follows:

	2023				2022			
	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	219.7	(7.3)	212.4	3.3	186.1	(7.1)	179.0	3.8
< 30 days	62.7	(10.4)	52.3	16.6	68.8	(11.9)	56.9	17.3
31 - 60 days	23.2	(5.6)	17.6	24.3	19.0	(4.8)	14.2	25.3
61 - 90 days	10.1	(3.8)	6.3	37.5	9.6	(3.4)	6.2	35.4
> 90 days	19.2	(13.5)	5.7	70.2	15.5	(11.0)	4.5	71.0
Total	**334.9**	**(40.6)**	**294.3**	**12.1**	**299.0**	**(38.2)**	**260.8**	**12.7**

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 Group's 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 €0.9m above 2022 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 during the year (reflecting sustained higher commodity prices) have resulted in an increase in provisions by €1.5m above 2022 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 2023 of 12.1% of gross receivables or €40.6m (2022 – 12.7%, €38.2m). 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 €3.4m and for residential for every 1% increase or decrease in the assumed provision would result in an increase or decrease in the ECL of €0.6m.

19. CASH AND CASH EQUIVALENTS

	2023 €m	2022 €m
Cash at bank and on hand	195.9	300.9
Short-term bank deposits	424.0	120.0
	619.9	**420.9**
Restricted cash	5.7	-
	625.6	**420.9**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 March 2023, the Group had available €29.1m (2022 - €109.0m) of undrawn committed borrowing facilities relating to the Senior revolving credit facility and no undrawn committed borrowing facilities relating to the project finance facilities (2022 - nil). There were €80.7m cash drawings under the Senior revolving credit facility at 31 March 2023 (2022 - €59.3m). €42.6m (2022 - €53.0m) of cash was restricted in the project financed wind farms and is subject to bi-annual distribution debt service requirements.

Restricted cash of €5.7m (2022 - €nil) relates to cash received from the UK government in relation to administration of the Energy Bills Support Scheme (EBSS) which will be paid directly to qualifying customers with any surplus after cessation of the scheme in June 2023 to be repaid to the UK government. This cash is not freely available in the normal course of business.

20. TRADE AND OTHER PAYABLES

	2023 €m	2022 €m
Trade creditors	123.5	143.6
Other creditors	144.2	123.8
Contract liabilities (payments on account)	109.1	43.1
Tax and social security	10.3	13.8
Accruals	296.5	403.9
	683.6	**728.2**

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

	2023 €m	2022 €m
Current financial liabilities:		
Senior revolving credit facility	80.7	59.3
Project financed bank facilities (NI)	11.5	11.1
Project financed bank facilities (RoI)	9.9	13.6
Senior secured notes interest payable	1.1	1.2
Other interest payable	0.9	0.9
Contingent consideration	6.3	6.5
Contingent liability	0.2	-
Lease liability	1.3	1.6
Total current financial liabilities	**111.9**	**94.2**
Non-current financial liabilities:		
Senior secured notes €350m (2025)	347.7	346.8
Senior secured notes £225m (2024)	254.4	264.7
Project financed bank facilities (NI)	159.1	178.2
Project financed bank facilities (RoI)	96.7	130.7
Contingent consideration	6.4	10.4
Contingent liability		0.2
Lease liability	36.7	31.9
Total non-current financial liabilities	**901.0**	**962.9**
Total current and non-current financial liabilities	**1,012.9**	**1,057.1**

The carrying value of the Senior secured notes includes unamortised costs of €3.6m (2022 - €5.2m).

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 2023, the Group had letters of credit issued out of the Senior revolving credit facility of €236.8m (31 March 2022 - €193.3m) resulting in undrawn committed facilities of €29.1m (31 March 2022 - €109.0m). There were €80.7m cash drawings under the Senior revolving credit facility at 31 March 2023 (31 March 2022 - €59.3m). 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 3.93% (2022 - 3.62%) on project financed bank facilities NI and 2.25% (2022 – 2.41%) on the project financed bank facilities RoI.

Contingent consideration

Contingent consideration of €12.7m (31 March 2022 - €16.9m) 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 €6.3m expected to be paid in 2023/24 and the remaining €6.4m paid by 2028/29.

Contingent liability

Contingent liability of €0.2m (31 March 2022 – €0.2m) 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

	Capital Grants €m	Other Deferred Income €m	Total €m
Current	2.2	-	2.2
Non-current	-	-	
Total as at 1 April 2021	**2.2**	**-**	**2.2**
Recognised in the year	0.3	-	0.3
Current	0.2	-	0.2
Non-current	2.3	-	2.3
Total as at 31 March 2022	**2.5**	**-**	**2.5**
Recognised in the year	0.7	6.9	7.6
Released to income statement	(0.3)	-	(0.3)
Current	0.6	1.1	1.7
Non-Current	2.4	5.8	8.2
Total as at 31 March 2023	**3.0**	**6.9**	**9.9**

€3.0m of 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 (2022 - €2.5m) and €6.9m relates to the reimbursement of capital costs associated with Huntstown's emergency generation project.

23. PENSIONS AND OTHER POST- EMPLOYMENT BENEFIT PLANS

	2023 €m	2022 €m
Net employee defined benefit asset (before deferred tax)	**2.3**	**5.1**

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 30% on-risk and 70% off-risk at 31 March 2023.

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 second annual deficit repair contribution made under the recovery plan was paid in the year ended 31 March 2023.

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:

	2023 €m	2022 €m
Market value of assets at 1 April	**68.3**	**66.3**
Interest income	1.8	1.3
Contributions from employer	1.8	2.0
Contributions from scheme members	0.1	0.1
Benefits paid	(1.9)	(3.0)
Loss/return on plan assets (excluding amounts in the net interest expense)	(18.9)	1.0
Foreign exchange	(2.6)	0.6
Market value of assets at 31 March	**48.6**	**68.3**
Actuarial value of liabilities at 1 April	**63.2**	**66.4**
Interest cost	1.7	1.3
Current service cost	0.5	0.6
Contributions from scheme members	0.1	0.1
Benefits paid	(1.9)	(3.0)
Actuarial gain arising from changes in financial assumptions	(19.0)	(3.0)
Actuarial loss from experience	4.1	-
Actuarial loss from demographic assumptions	0.2	0.3
Foreign exchange	(2.6)	0.5
Actuarial value of liabilities at 31 March	**46.3**	**63.2**
Net pension asset	**2.3**	**5.1**
Analysis of amounts recognised in employee costs:		
Current service cost	(0.5)	(0.6)
	(0.5)	**(0.6)**
Analysis of amounts recognised in other comprehensive income:		
Loss/return on plan assets (excluding amounts in the net interest expense)	(18.9)	1.0
Actuarial gain arising from changes in assumptions	14.9	3.0
Actuarial loss from the change in demographic assumptions	(0.1)	(0.3)
	(4.1)	**3.7**

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In accordance with IFRIC 14 – "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" €nil (2022 - €nil) has been recognised in 2023.

The actual return in Focus assets for 2023 amounted to a loss of €17.1m (2022 – €2.3m profit).

The major categories of Focus assets of the fair value of the total plan assets are as follows:

	2023 €m	2022 €m
Unquoted investments:		
Equity investments	8.9	13.5
Bonds	28.3	42.2
Other	11.4	12.6
Total assets	**48.6**	**68.3**

The principal assumptions used in determining pension and post-employment medical benefit obligations for the EGNIPS Focus are shown below:

	2023	2022
Rate of increase in pensionable salaries	3.5% p.a.	5.2% p.a.
Rate of increase in pensions in payment	3.1% p.a.	3.4% p.a.
Discount rate	4.8% p.a.	2.8% p.a.
Inflation assumption (based on CPI)	3.1% p.a.	3.4% p.a.
Life expectancy:		
- current pensioners (at age 60) – males	27.5 years	27.4 years
- current pensioners (at age 60) – females	30.2 years	30.1 years
- future pensioners (at age 60) – males	29.0 years	28.9 years
- future pensioners (at age 60) – females	31.6 years	31.5 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	2023 €m	2022 €m
Pensionable salaries	1% increase	0.3	0.5
	1% decrease	(0.2)	(0.5)
Pension payments	0.5% increase	3.1	5.3
	0.5% decrease	(2.8)	(4.8)
Discount rate	0.5% increase	(2.8)	(4.9)
	0.5% decrease	3.1	5.5
Inflation	1% increase	6.1	11.7
	1% decrease	(4.9)	(9.0)
Life expectancy of male pensioners	Increase by 1 year	0.7	1.3
	Decrease by 1 year	(0.7)	(1.3)
Life expectancy of female pensioners	Increase by 1 year	0.4	0.7
	Decrease by 1 year	(0.4)	(0.7)

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:

	2023 €m	2022 €m
Within the next 12 months (next annual reporting period)	1.7	1.9
Between two and five years	4.2	5.8
Between five and ten years	0.5	0.5
Beyond ten years	0.1	0.1
Total expected payments	**6.5**	**8.3**

The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (2022 - 18 years).

24. PROVISIONS

	Decommissioning Total €m
At 1 April 2021	**32.2**
Exchange adjustment	0.1
Unwinding of discount	0.1
Changes in the discount rate	(2.7)
At 31 March 2022	**29.7**
Exchange adjustment	(0.3)
New plant commissioned	0.1
Unwinding of discount	0.4
Changes in discount rate	(5.0)
At 31 March 2023	**24.9**
Non-current	**24.9**

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 3.1% (2022 – 1.471%) and are expected to be utilised within a period of nine to seventeen years.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial instruments

Derivative financial assets

	2023 €m	2022 €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	0.7	3.2
Commodity swap contracts	71.1	928.1
Interest rate swap contracts	28.3	7.8
Total derivatives at fair value through other comprehensive income	**100.1**	**939.1**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	0.6	0.7
Commodity swap contracts	2.8	14.5
Total derivatives at fair value through profit and loss	**3.4**	**15.2**
Total derivative financial assets	**103.5**	**954.3**
Total non-current	**32.9**	**83.1**
Total current	**70.6**	**871.2**

Derivative financial liabilities

	2023 €m	2022 €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	(3.1)	(2.3)
Commodity swap contracts	(137.2)	(132.6)
Interest rate swap contracts		(3.6)
Total derivatives at fair value through other comprehensive income	**(140.3)**	**(138.5)**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	(1.2)	(0.4)
Commodity swap contracts	(29.2)	(10.5)
Total derivatives at fair value through profit and loss	**(30.4)**	**(10.9)**
Total derivative financial liability	**(170.7)**	**(149.4)**
Total current	**(168.9)**	**(139.9)**
Total non-current	**(1.8)**	**(9.5)**

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
As at 31 March 2023			
Foreign exchange forward contracts	82.7	0.7	Derivative asset
Commodity swap contracts	64.0	71.1	Derivative asset
Interest rate swap contracts	256.0	28.3	Derivative asset
As at 31 March 2022			
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

Derivative financial liabilities

	Notional amount €m	Carrying amount €m	Line item in the statement of financial position
As at 31 March 2023			
Foreign exchange forward contracts	205.0	(3.1)	Derivative liabilities
Commodity swap contracts	146.2	(137.2)	Derivative liabilities
As at 31 March 2022			
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

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

	2023 €m	2022 €m
Accumulated (loss) / gain included in equity	**(40.2)**	**800.6**

The table below summarises the maturity of cash flow hedges:

Derivative financial assets		
In one year or less	67.5	856.6
In more than one year but less than five years	25.9	80.4
In more than five years	6.7	2.1
Gains through other comprehensive income	**100.1**	**939.1**
Derivative financial liabilities		
In one year or less	(157.1)	(129.8)
In more than one year but less than five years	16.8	(7.9)
In more than five years		(0.8)
Losses through other comprehensive income	**(140.3)**	**(138.5)**
	(40.2)	**800.6**

The table below summarises the gains and losses recognised during the year:

	2023 €m	2022 €m
Net (loss) / gain due to remeasurements	**(660.7)**	1,365.1
Gain transferred from equity to the income statement in respect of:		
Completed hedges	**160.5**	600.6
Recognised within:		
Operating costs	159.8	605.5
Finance costs	0.7	(4.9)
	160.5	**600.6**

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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.

	2023 €m	2022 €m
Net (loss) / gain due to remeasurements	**(30.6)**	**1.2**

Hedge of net investment in foreign operations

Included in financial liabilities, loans and borrowings at 31 March 2023 was £225.0m (2022 - £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:

	2023 Carrying value €m	2023 Fair value €m	2022 Carrying value €m	2022 Fair value €m
Level 1				
Non-current liabilities				
Senior secured notes (2024 and 2025)	(602.1)	(582.8)	(611.5)	(589.6)
Level 2				
Non-current liabilities				
Project financed bank facilities (NI)	(159.1)	(159.1)	(178.2)	(178.2)
Project financed bank facilities (RoI)	(96.7)	(96.7)	(130.7)	(130.7)
Level 3				
Non-current liabilities				
Financial liabilities (contingent consideration)	(6.4)	(6.4)	(10.4)	(10.4)
Financial liabilities (contingent liability)			(0.2)	(0.2)
Financial liabilities (lease liability)	(36.7)	(36.7)	(31.9)	(31.9)
Current liabilities				
Senior revolving credit facility	(80.7)	(80.7)	(59.3)	(59.3)
Financial liabilities (contingent consideration)	(6.3)	(6.3)	(6.5)	(6.5)
Financial liabilities (contingent liability)	(0.2)	(0.2)	-	-
Financial liabilities (lease liability)	(1.3)	(1.3)	(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 €12.7m 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. The cumulative current and non-current contingent consideration has decreased by €4.2m to €12.7m at 31 March 2023. The decrease year on year relates to a fair value adjustment due to changes in assumptions related to the contingent consideration for renewable generation development projects.

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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
Year ended 31 March 2023					
Trade and other payables (excluding tax and social security)	(673.3)			(673.3)	(673.3)
Financial liabilities (excluding leases)	(157.5)	(791.4)	(189.2)	(1,138.1)	(974.9)
Financial liabilities - leases	(3.3)	(12.8)	(37.1)	(53.2)	(38.0)
Derivatives at fair value through other comprehensive income	(157.1)	16.8		(140.3)	(140.3)
Derivatives at fair value through profit and loss	(11.8)	(18.6)		(30.4)	(30.4)
	(1,003.0)	**(806.0)**	**(226.3)**	**(2,035.3)**	**(1,856.9)**
Year ended 31 March 2022					
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)
	(990.3)	**(840.2)**	**(271.9)**	**(2,102.4)**	**(1,920.9)**

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 2023, 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
At 31 March 2023						
Foreign exchange forward contracts	Euro exchange rate	+/-10%			16.8	(16.0)
Gas swaps	Price per therm	+/-10p	13.8	(13.8)	13.8	(13.8)
GB power swaps	Price per MWh	+/- £10	11.9	(11.9)	11.9	(11.9)
Interest rate swaps	SONIA/Euribor	+/- 0.25%			1.5	(1.5)
Project financed bank facilities (interest)	SONIA/Euribor	+/- 0.25%	(0.8)	0.8	(0.8)	0.8
Project financed bank facilities denominated in sterling	Euro exchange rate	+/-10%	(17.8)	17.8	(17.8)	17.8
Project financed bank facilities (fees)	Euro exchange rate	+/-10%	0.7	(0.7)	0.7	(0.7)
Senior secured notes denominated in Sterling	Euro exchange rate	+/-10%	(25.6)	25.6	(25.6)	25.6
At 31 March 2022						
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
Project financed bank facilities (fees)	Euro exchange rate	+/-10%	0.7	(0.7)	0.7	(0.7)
Senior secured notes denominated in Sterling	Euro exchange rate	+/-10%	(26.7)	26.7	(26.7)	26.7

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
At 31 March 2022 and 2023	**49,095**	**50,000**

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
At 31 March 2022 and 2023	**6,013**	**6,918**

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
2023				
Actuarial loss on defined benefit pension schemes (net of tax)			(3.1)	(3.1)
Exchange loss on translation of foreign operations	(49.7)			(49.7)
Net loss on cash flow hedges (net of tax)		(693.5)		(693.5)
Other comprehensive expense for the year	(49.7)	(693.5)	(3.1)	(746.3)
2022				
Actuarial loss 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

27. NOTES TO GROUP CASH FLOW STATEMENT

	2023 €m	2022 €m
Operating activities		
Profit before tax from continuing operations	324.5	134.5
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	44.1	38.9
Amortisation of intangible assets	16.3	16.8
Amortisation of right-of-use assets	2.1	1.9
Net impairment reversal	(34.5)	(6.1)
Derivatives at fair value through income statement	30.6	(1.2)
Net finance costs	39.5	50.8
Exceptional finance costs	(2.3)	-
Defined benefit charge less contributions paid	(1.4)	(1.6)
Loss on disposal of subsidiary	0.5	-
Release of contingent consideration	(5.0)	(1.1)
Release of government grants and other deferred income	(0.3)	-
Share-based payment		0.1
Cash generated from operations before working capital movements	**414.1**	233.0

28. ANALYSIS OF NET DEBT

	Cash and cash equivalent	Restricted cash* €m	Short-term managed funds €m	Debt due within one year €m	Debt due after more than one year €m	Total €m
At 1 April 2021	**216.5**	**-**	**1.4**	**(25.3)**	**(937.4)**	**(744.8)**
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)
At 31 March 2022	**420.9**	**-**	**1.4**	**(86.1)**	**(920.4)**	**(584.2)**
Net increase in cash and cash equivalents	218.9	-	-	-	-	218.9
Adjustment for restricted cash	-	(5.7)	-	-	-	(5.7)
Proceeds from issue of borrowings	-	-	-	(81.0)	-	(81.0)
Repayment of borrowings	-	-	-	82.4	-	82.4
Decrease in interest accruals	-	-	-	0.2	-	0.2
Amortisation	-	-	-	(2.0)	(1.5)	(3.5)
Reclassifications	-	-	-	(45.7)	45.7	-
Disposal of subsidiaries	-	-	(1.4)	28.4	-	27.0
Translation difference	(14.2)	-	-	(0.3)	18.3	3.8
At 31 March 2023	**625.6**	**(5.7)**		**(104.1)**	**(857.9)**	**(342.1)**

* Included within cash and cash equivalents is €5.7m of restricted cash received from the UK Government in relation to administration of the Energy Bills Support Scheme. As this cash is not freely available to the Group in the normal course of business it is not included in the Group's net debt and has been adjusted out in the table above.

Reconciliation of liabilities arising from financing activities:

	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)
Total	**(962.7)**	**(35.8)**	**(4.3)**	**(3.7)**	**(1,006.5)**

	At 1 April 2022 €m	Cash flows €m	Effects of foreign exchange €m	Other €m	At 31 March 2023 €m
Senior secured notes (2024 and 2025)	(611.5)	-	10.9	(1.5)	**(602.1)**
Senior revolving credit facility	(59.3)	(21.7)	0.3	-	**(80.7)**
Project finance facilities	(333.6)	23.4	6.8	26.2	**(277.2)**
Interest	(2.1)	-	-	0.1	**(2.0)**
Total	**(1,006.5)**	**1.7**	**18.0**	**24.8**	**(962.0)**

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
As at 1 April 2021	**26.4**	**0.1**	**26.5**
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)
As at 31 March 2022	**25.6**	**0.1**	**25.7**
Exchange adjustment	(0.6)	-	(0.6)
Remeasurement of right-of-use assets	0.9	-	0.9
Additions	5.6	-	5.6
Amortisation	(2.1)	-	(2.1)
As at 31 March 2023	**29.4**	**0.1**	**29.5**

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:

	2023 €m	2022 €m
As at 1 April	**(33.5)**	(33.9)
Exchange adjustment	0.7	(0.2)
Effect of modification of lease liability	(0.9)	1.8
Additions	(5.6)	(2.7)
Accretion of interest	(1.9)	(1.7)
Payments	3.2	3.2
As at 31 March	**(38.0)**	**(33.5)**
Current	(1.3)	(1.6)
Non-current	(36.7)	(31.9)

The maturity analysis of lease liabilities is disclosed in note 25.

Other amounts recognised in the income statement:

	2023 €m	2022 €m
Expense relating to short term leases	0.1	-
Variable lease payments	1.8	1.4
Total	**1.9**	**1.4**

There were €0.1m expenses during the year ended 31 March 2023 relating to leases of low-value assets. The Group had total cash outflows for leases of €3.2m for the year ended 31 March 2023 (2022 - €3.2m).

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 2023 were €1.8m (2022 - €1.4m).

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:

	2023 €m	2022 €m
Within one year	11.6	35.1
After one year but not more than five years		12.0
	11.6	**47.1**

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 2023 the Group had contracted future capital expenditure in respect of tangible fixed assets of €39.9m (2022 - €15.0m) and intangible fixed assets of €2.5m (2022 - €3.6m).

(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

No dividends were paid during the year (2022 - €40.0m).

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:

	2023 €m	2022 €m
Expense arising from equity-settled share-based payment transactions		0.1
		0.1

Movements during the year		
	B shares	**C Shares**
Outstanding at 1 April 2021	**905**	**1,088**
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March 2022	**905**	**1,088**
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March 2023	**905**	**1,088**
Exercisable at 31 March 2023	-	-

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:

	2023 €m	2022 €m
Short-term employee benefits	3.5	2.7
Share-based payments		0.1
Total compensation to key management personnel	**3.5**	**2.8**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period relating to key management personnel.

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	**2023 €m**	2022 €m
Group pro-forma EBITDA	**267.1**	**200.1**
Less EBITDA from unrestricted investment assets	(89.5)	(79.1)
Pro-forma EBITDA for the Senior Secured Notes Restricted Group	**177.6**	**121.0**

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) increased to €177.6m (2022 – €121.0m) primarily reflecting an increase from the Renewables PPA contracts and Flexible Generation businesses, partly offset by a decrease in EBITDA in the Customer Solutions business.

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	**2023 €m**	2022 €m
Investments		1.4
Cash and cash equivalents	577.3	367.9
Senior secured notes €350m (2025)	(347.7)	(346.8)
Senior secured notes £225m (2024)	(254.4)	(264.7)
Senior revolving credit facility	(80.7)	(59.3)
Interest accruals - Senior secured notes	(1.1)	(1.2)
Other interest accruals	(0.9)	(0.9)
Pro-forma Net Debt for the Senior Secured Notes Restricted Group	**(107.5)**	**(303.6)**

GLOSSARY OF TERMS

Capita	Capita Managed IT Solutions Limited
CCAC	Climate Change Advisory Council in the RoI
CCC	Climate Change Committee in the UK
CCGT	Combined-Cycle Gas Turbine
CCNI	Consumer Council for Northern Ireland
CfD	Contract for Differences
CGU	Cash Generating Unit
Choices	Money purchase pension arrangement for employees in the RoI
CO2	Carbon dioxide
Company	Energia Group Limited
CPI	Consumer Price Index in the RoI
CRM	Capacity Remuneration Mechanism
CRU	Commission for Regulation of Utilities
CSR	Corporate Social Responsibility
CU Greener Homes	Credit Union Greener Homes
DECC	Department of the Environment, Climate and Communications
DfE	Department for the Economy
DHPLG	Department of Housing, Planning and Local Government
EAI	Electricity Association of Ireland
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECL	Expected Credit Loss
EECs	Energy Efficiency Credits
EEOS	Energy Efficiency Obligation Scheme
EGNIPS	Energia Group NI Pension Scheme
EIR	Effective Interest Rate
EPC	Engineering Procurement Construction
EPG	Energy Price Guarantee
ESB	Electricity Supply Board
EU	European Union
EU-UK TCA	EU-UK Trade and Cooperation Agreement
EV	Electric Vehicle
Focus	Defined benefit section of EGNIPS
FRC	Financial Reporting Council
GB	Great Britain
Group	Energia Group Limited and its subsidiary undertakings

GWh	GigaWatt Hours
GIY	Grow It Yourself
HEC	Home Energy Check
HMRC	HM Revenue & Customs
IASB	International Accounting Standards Board
IAS	International Accounting Standard
IBEC	Irish Business and Employers' Confederation
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ICT	Information and Communication Technologies
IoT	Internet of Things
I-SEM	New EU integrated SEM
ISAs (UK)	International Standards in Auditing (UK)
ISO	International Organisation for Standardisation
IWEA	Irish Wind Energy Association
KPI	Key Performance Indicators
LEU	Large Energy User
LRSA	Local reserve Services Agreement
LTIR	Lost Time Incident Rate
MIP	Management Investment Plan
MW	Megawatt
MWh	megawatt hour
NI	Northern Ireland
NIEN	Northern Ireland Electricity Networks Limited
NIHE	Northern Ireland Housing Executive
NIRO	Northern Ireland Renewable Obligation
NISEP	Northern Ireland Sustainable Energy Programme
NSAI	National Standards Authority of Ireland
OCI	Other Comprehensive Income
OEM	Original Equipment Manufacturers
OLEV	Office for Low Emission Vehicles
Options	Money purchase section of EGNIPS
p.a.	Per Annum
PEE	Primary Electrical Energy
PPA	Power Purchase Agreement
PPB	Power Procurement Business
PDR	Performance and Development Review

PSO	Public Service Obligation
RA	Regulatory Authority
REFIT	Renewable Energy Feed-In Tariff scheme
RESS	Renewable Electricity Support Scheme
RMC	Risk Management Committee
RO	UK Renewable Obligation
ROC	Renewable Obligation Certificate
RoI	Republic of Ireland
RULET	Rural-Led Energy Transition
SEAI	Sustainable Energy Authority of Ireland
SECR	Streamlined Energy and Carbon Reporting
SEE	Social, Environmental and Ethical
SEMC	SEM Committee
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SME	Small or Medium-sized Enterprise
SMP	System Marginal Price
SPPI	Solely Payments of Principal & Interest
TSO	Transmission System Operator
TWh	TeraWatt Hours
UK	United Kingdom
UR	Utility Regulator
WACC	Weighted Average Cost of Capital

energia group

Energia Group Limited
www.energiagroup.com

Registered office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Registered Number: 192375