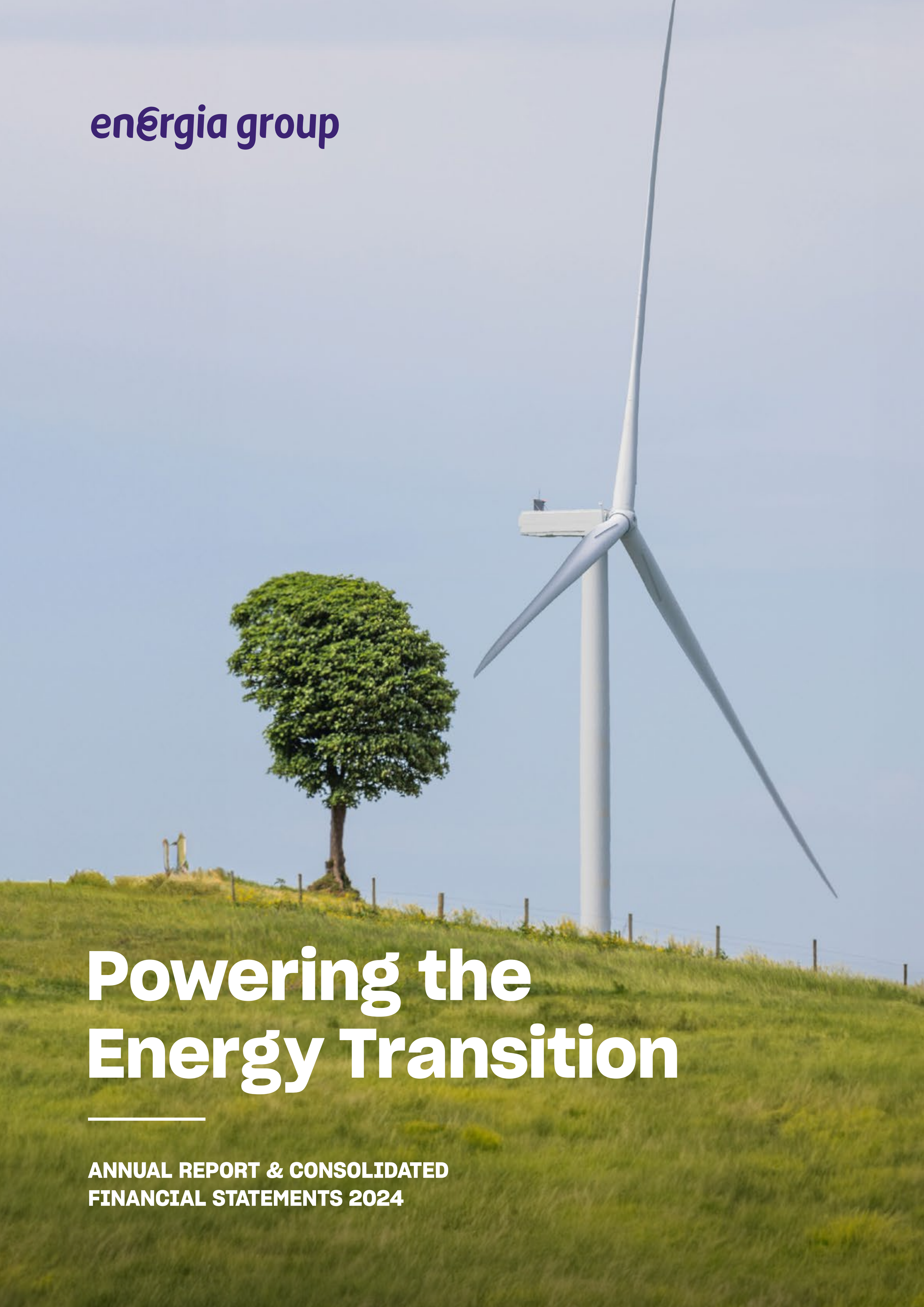
energia group



Powering the Energy Transition

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS 2024

Contents

Underlying Business Results[1]

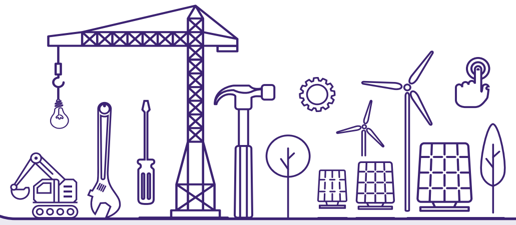
€374.9m

Group pro-forma EBITDA	2024 €m	2023 €m
Renewables	111.9	224.5
Flexible Generation	55.9	204.7
Customer Solutions	207.1	(162.1)
	374.9	267.1

Capital Expenditure

Capital expenditure - €105.0m
(2023 - €103.0m)

€105.0m



IFRS Results[2]

Revenue - €3,254.6m
(2023 - €4,568.3m)

Operating profit - €196.7m
(2023 - €354.4m)

€196.7m

Operational Facts

Employee numbers at 31 March 2024 – 1,114
(2023 - 1,090)

1,114

Huntstown CCGT Asset Availability:

Huntstown 1
– 96.2%
(2023 – 94.8%)

Huntstown 2
– 93.7%
(2023 – 99.4%)

96.2%

93.7%

NI Electricity Sales

2.8TWh (2023 – 2.7TWh)

2.8 TWH

4.5 TWH

RoI Electricity Sales

4.5TWh (2023 – 5.0TWh)

Residential Customer Sites Supplied

759,400 (2023 – 739,300)

759,400

Wind Generation Assets Operational

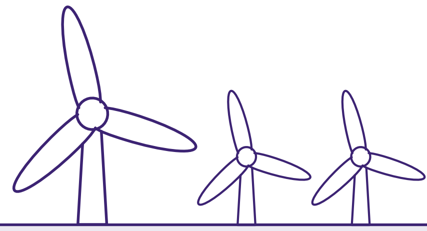
At 31 March 2024 – 309MW
(2023 – 309MW)

309MW

Wind Generation Assets Availability

97.8% (2023 – 97.6%)

97.8%



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

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 modern, integrated energy utility 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.

At 31 March 2024 the Renewables business owns and operates 309MW of wind assets and purchases electricity from 1,224MW of renewable generation capacity throughout Ireland. In addition, the Group is developing a further pipeline of onshore and offshore wind and solar projects across the island of Ireland and is currently commissioning a hydrogen electrolyser at one of its onshore wind farms in NI.

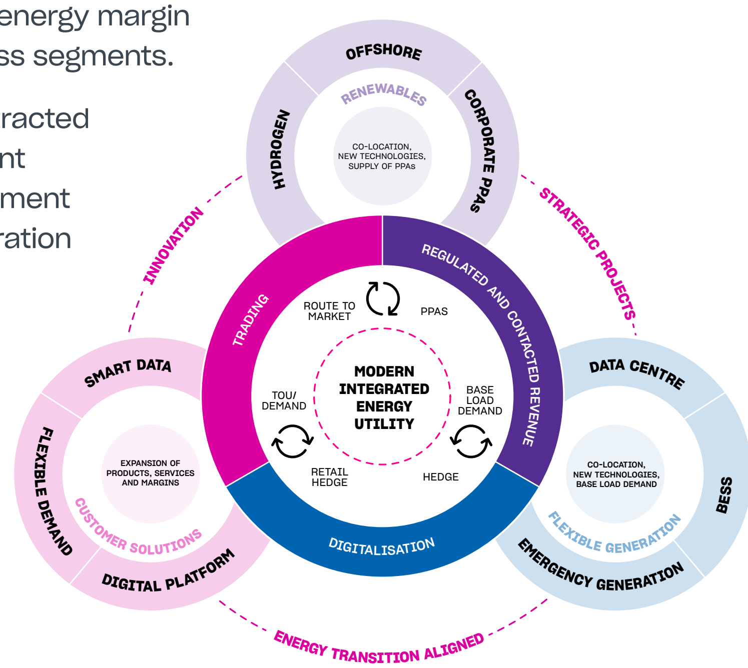
The Flexible Generation business owns and operates 747MW of conventional generation assets in the RoI, a 50MW battery storage facility in Belfast and a 50MW emergency gas generation plant at the Huntstown campus in Dublin. The Flexible Generation business is also progressing the development of a proposed data centre at its Huntstown campus and has a further pipeline of battery storage development projects across the island of Ireland.

The Customer Solutions business supplies electricity and gas to 297,100 customer sites in the RoI and 551,100 customer sites in NI through its two retail brands, Energia and Power NI, respectively. The business is committed to guiding customers throughout their energy transition, promoting a sustainable and efficient energy future.

Integrated business model

The Group's earnings are derived from a combination of regulated and contracted revenue streams together with an integrated energy margin optimised across the Group's business segments.

The proportion of regulated and contracted earnings has been increasing in recent years notably through ongoing investment in the Renewables and Flexible Generation businesses. The robustness of the delivery of the Group's integrated energy margin is driven by the natural hedge between the generation and supply activities and the optimisation of the energy value chain across the Group's Renewables, Flexible Generation and Customer Solutions businesses.



Strategy

The energy sector on the island of Ireland is undergoing an unprecedented transformation. The global drive to decarbonise existing energy demand through electrification together with new economic growth, particularly in the technology sector, is set to accelerate an increase in electricity demand from renewables and underpin a sustainable and thriving economy.

Energia Group is a modern, integrated energy utility focused on playing a pivotal role in the transformation of the economy and the energy transition. Our strategy builds on the leading positions of the Group's businesses across Renewables, Flexible Generation and Customer Solutions to satisfy the growing needs of our customers and facilitate the achievement of ambitious governmental decarbonisation policy goals.

Four key objectives underpin our strategy:

- **Significantly increase our generation from renewables:** to build on and diversify the Group's renewable asset platform to meet the rapidly growing demand for renewable energy;
- **Supporting our customers to decarbonise:** utilising technological advances to offer differentiated and enhanced product offerings to our customers, while looking for opportunities to increase, diversify and broaden the quality of our customer relationships, in particular through assisting customers to decarbonise;
- **Support the rapid transformation of the energy system:** to develop, operate and grow the Group's portfolio of system critical flexible generation and storage assets in a manner that supports the Group's

increasing renewable asset portfolio; enables the development of new product offerings to customers; and provides the security of supply and grid services needed as the island of Ireland transitions to a carbon neutral economy; and

- **Power a new model for growth:** from the crossover of the energy and digital sectors, to utilise and grow our asset portfolio to innovatively support new opportunities for economic growth, including the development of new, highly efficient data centres powered by renewable electricity.

These objectives will continue to create opportunities to extract value across the Group's complementary business activities supporting the predictability of the Group's financial performance; producing strong cash conversion; and enabling further investments with attractive returns. Delivery against these will also position the Group to further evolve and grow our contracted and regulated earnings alongside our sustainable integrated energy earnings.

As we continue to play a leading role in the energy transition across the island of Ireland, Energia Group is also committed to making a positive impact in the communities in which we operate and to building an inclusive and successful workplace.

Refinancing of Senior Secured Notes and Revolving Credit Facility

On 31 July 2023, the Group successfully completed the full refinancing of its €350m 4.0% Senior Secured Notes due in September 2025 and its £225m 4.75% Senior Secured Notes due in September 2024, replacing them with €600m 6.875% Senior Secured Notes due in July 2028. At the same time the Group also put in place a new €450m Senior Revolving Credit Facility maturing in April 2028 (previously £305m facility).

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:

	2024 €m	2023 €m
Pro-forma EBITDA[1]	374.9	267.1
Capital expenditure	105.0	103.0
Net debt[2]	449.6	342.1

[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 €374.9m (2023 - €267.1m) primarily reflecting an increase in the Customer Solutions business partly offset by a decrease in the Flexible Generation and Renewables businesses as discussed further below.

Capital expenditure in respect of tangible fixed assets and intangible software assets increased to €105.0m (2023 - €103.0m) primarily reflecting an increase in the Renewables and Customer Solutions businesses partly offset by a decrease in the Flexible Generation business as discussed further below.

The Group's net debt increased to €449.6m (2023 - €342.1m) primarily reflecting a reduction in cash and cash equivalents (notably including dividend payments of €200.0m in the year) partly offset by a €80.7m repayment of the senior revolving credit facility.

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 onshore and offshore 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. In addition, the Renewables business is also currently commissioning a hydrogen electrolyser at one of its onshore windfarms in NI.

Financial performance

The Renewables financial KPIs are shown below:

	2024 €m	2023 €m
EBITDA[1]	111.9	224.5
Capital expenditure	58.4	40.6

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

Renewables EBITDA decreased to €111.9m (2023 - €224.5m) primarily reflecting lower EBITDA from the renewable PPAs (primarily due to lower energy prices and lower wind volumes), together with lower wind generation assets EBITDA (primarily due to lower energy prices impacting NI assets, lower wind volumes across the portfolio and higher operating costs).

Renewables capital expenditure increased to €58.4m (2023 - €40.6m) primarily reflecting capital expenditure on development projects.

Operational performance

KPIs	2024	2023
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 (%)	97.8	97.6
Wind factor (%)	23.8	25.7
Renewable PPA portfolio		
Contracted renewable generation capacity in operation in the RoI and NI		
- average during the year (MW)	1,233	1,266
- at 31 March (MW)	1,224	1,247

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 (2023 - 309MW) and at 31 March 2024, total generation capacity was 309MW (2023 – 309MW). This comprised 136MW (2023 – 136MW) of operating onshore wind generation capacity in the RoI and 173MW (2023 - 173MW) of operating onshore wind generation capacity in NI.

Renewable assets availability was 97.8% (2023 – 97.6%) with a wind factor of 23.8% (2023 – 25.7%).

Distributions[1] of €36.0m were made in the year (2023 - €61.8m) 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).

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

The average contracted generation capacity in operation during the year was 1,233MW (2023 – 1,266MW) with 31 March 2024 operating capacity of 1,224MW (2023 – 1,247MW) of which RoI operating capacity was 559MW (2023 - 583MW) and NI operating capacity was 665MW (2023 – 664MW).

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 2024 the Group had 523MW of capacity (31 March 2023 – 313MW) which is fully consented and a further 110MW of capacity, which whilst receiving local council planning permission, the decisions have been appealed and final decisions are now awaited from An Bord Pleanála.

The Group plans to further increase the scale of its projects and currently has a further 24MW of capacity in the planning preparation stage. Overall, the Group's current solar pipeline is 657MW.

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. First hydrogen production was achieved during the year and commissioning is expected to complete by the end of First Half 2025.

The Group is also developing its next hydrogen generation project and has planning permission for an up to 5MW electrolyser to be co-located with its Rathsherry wind farm in NI.

Onshore wind development assets

The Group continues to progress the development of its onshore wind pipeline projects (99MW under construction and 258MW in development) and expects to enter into Corporate PPAs for such development projects. In November 2023, the Group's proposed Seven Hills wind farm development project (122MW) in County Rosscommon was granted planning permission by An Bord Pleanála. However, a judicial review of An Bord Pleanála's decision was subsequently lodged and the Group awaits the outcome of this process.

Construction of the Drumlin wind farm (49MW) continued during the year and all eight turbines are now fully installed and energised. Commissioning is progressing and expected to complete by the end of the First Quarter 2025. The project will be underpinned by a Corporate PPA with Microsoft.

Construction of the Crossmore wind farm (25MW) commenced during the year with progress being made on the civil infrastructure such as site roads, hard standings and the turbine and substation foundations. The initial grid works have also commenced. Commissioning of the Crossmore wind farm is expected by the end of the First Quarter 2026 and it is intended that the wind farm will be underpinned by a Corporate PPA with Microsoft.

In March 2024, the Group entered into a turbine supply agreement for the Ballylongford wind farm (25MW) in County Kerry in the RoI and issued a final notice to proceed in May 2024. Preliminary construction works have commenced and commissioning of the wind farm is expected by the end of FY26. It is intended that the project will be underpinned by a corporate PPA with Microsoft.

Offshore wind

During the year the Group continued to develop its North Celtic Sea (NCS) and South Irish Sea (SIS) offshore wind projects and the reports and analysis from the geotechnical and geophysical surveys were completed for both sites. A contract to install Floating Lidar on the NCS site was executed in March 2024, and the Floating Lidar was installed on the site in April 2024.

In September 2023, the Group entered into a partnership with Vårgrønn AS to co-develop offshore wind projects that can contribute to the Irish Government's target of at least 5GW of new offshore wind by 2030. The partnership will initially focus on Ireland's south and east coasts, where the Group has already completed extensive development work over the last 4 years at its NCS and its SIS sites. Vårgrønn AS is a Norway-based offshore wind company powering the energy transition through development, construction, operation and ownership of offshore wind assets. Vårgrønn AS is a joint venture between the energy company Plenitude (Eni) and the Norwegian energy investor HitecVision.

In 2023, the RoI Government confirmed its policy that future offshore wind projects will be developed on a Plan Led Basis and that EirGrid will have responsibility to provide a grid connection where feasible. In May 2024, the Government published its draft South Coast Designated Maritime Area Plan (DMAP) which identifies four maritime areas off the south coast in which development of fixed bottom offshore wind is proposed to take place over the next decade. Consultation on this draft DMAP closes on 14 June 2024. Furthermore, the Government is developing terms and conditions for its second offshore wind auction (ORESS 2.1) for a single 900MW fixed bottom project which is expected to commence in the Third Quarter 2025. This consultation closes on 7 June 2024 and final terms and conditions are expected to be published in July 2024.

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	-	63	236
- RoI	136	99	195	430
	309	**99**	**258**	**666**
Solar				
- RoI	-	-	657	657
	309	**99**	**915**	**1,323**

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 commissioned in November 2002 and Huntstown 2, a 404MW CCGT plant adjacent to Huntstown 1, commissioned in October 2007. The Group also owns and operates a 50MW battery storage facility in Belfast which was commissioned in October 2022 and a 50MW emergency gas generation plant at the Huntstown site which was commissioned in February 2024. The Group is also progressing the development of a proposed data centre at its Huntstown campus in Dublin.

Financial performance

	2024 €m	2023 €m
EBITDA[1]	55.9	204.7
Capital expenditure	27.0	49.3

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

Flexible Generation EBITDA decreased to €55.9m (2023 – €204.7m) primarily reflecting lower margins for both Huntstown plants (associated with lower utilisation for both plants (including lower availability for Huntstown 2) and lower commodity prices during the year and higher operating costs), together with lower EBITDA for the PPB business (with the cessation of the business in September 2023) and lower emergency generation revenue which benefited from milestone payments in 2023, partly offset by higher EBITDA contribution from the 50MW battery storage facility in NI (commissioned in October 2022).

Flexible Generation capital expenditure decreased to €27.0m (2023 - €49.3m) primarily reflecting lower capital expenditure on the data centre (prior year expenditure relates to the purchase of lands and infrastructure costs), together with lower expenditure on the 50MW battery storage facility in NI and lower expenditure on the emergency generation project (both projects were in development in 2023).

Operational performance

KPIs	2024	2023
Huntstown CCGTs		
Availability (%)		
- Huntstown 1	96.2	94.8
- Huntstown 2	93.7	99.4
Unconstrained utilisation (%)		
- Huntstown 1	52.4	63.9
- Huntstown 2	54.7	73.0
Incremental impact of constrained utilisation - constrained on/(off) (%)		
- Huntstown 1	3.7	4.1
- Huntstown 2	(7.9)	(11.4)

Huntstown 1 availability was 96.2% (2023 – 94.8%). Huntstown 1 unconstrained utilisation was 52.4% (2023 – 63.9%). The incremental impact of constrained utilisation for Huntstown 1 was 3.7% constrained on (2023 – 4.1%).

Huntstown 2 availability was 93.7% (2023 – 99.4%) reflecting a planned maintenance outage undertaken in the first quarter of the year. Huntstown 2 unconstrained utilisation was 54.7% (2023 – 73.0%). The incremental impact of constrained utilisation for Huntstown 2 was 7.9% constrained off (2023 – 11.4%).

In Financial Year 2025 both Huntstown plants are due to undertake planned maintenance outages. Huntstown 1 has successfully completed a 16 day planned maintenance outage in the First Quarter 2025 and it is expected that Huntstown 2 will undertake a planned maintenance outage of around 25 days in the Third Quarter 2025.

Capacity auctions

Final auction results for the T-4 auction for the 2027/28 capacity year were published on 5 December 2023 and confirmed that both Huntstown plants were awarded reliability options for the 2027/28 capacity year at the auction clearing price of €106,666/MW.

The reliability options awarded to the Huntstown plants for the current and 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	✔	✔
2027/28	T-4 (Oct 23)	€106,666/MW	✔	✔

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. During the year, the Group completed the construction of the plant and commissioning was completed in February 2024. The plant is now available to the system operator to provide emergency services as required.

Battery storage

During the year, the Group's 50MW battery storage facility in Belfast continued to provide grid-balancing services, operating reserve and steady state reactive power to the system operator in NI.

The Group has a further pipeline of battery storage projects for up to 300MWh and has secured planning permission for 84 battery containers over seven sites across the island of Ireland.

Cessation of the PPB business

PPB's contract to administer 600MW of contracted generation capacity with Ballylumford power station in NI expired on 23 September 2023 and the business is now in the process of discharging its remaining licence obligations in agreement with the Utility Regulator (UR).

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

	2024 €m	2023 €m
EBITDA[1]	207.1	(162.1)
Capital expenditure	19.6	13.1

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

Customer Solutions EBITDA increased to €207.1m (2023 - €162.1m loss) primarily reflecting higher Energia residential and non-residential margins and higher Power NI residential regulated and non-residential margins together with the benefit of reassessment of expected credit loss provisions for both businesses partly offset by higher Customer Solutions operating costs.

Customer Solutions capital expenditure increased to €19.6m (2023 - €13.1m) primarily reflecting higher expenditure in respect of IT projects.

Operational performance

KPIs	2024	2023
Customer sites (number)		
RoI		
- Residential electricity	184,700	194,600
- Residential gas	63,000	66,800
	247,700	**261,400**
- Non-residential electricity	46,800	47,400
- Non-residential gas	2,600	2,900
	49,400	**50,300**
Total RoI	**297,100**	**311,700**
NI		
- Residential electricity	511,700	477,900
- Non-residential electricity	39,400	38,700
Total NI	**551,100**	**516,600**
Energy sales*		
RoI		
- Electricity sales (TWh)	4.5	5.0
- Gas sales (million therms)	65.2	80.6
NI		
- Electricity sales (TWh)	2.8	2.7
Complaints (number)		
Complaints to the CRU in the RoI	8	8
Complaints to the CCNI in NI	2	1

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

Residential electricity and gas customer sites in the RoI were 247,700 at 31 March 2024 (2023 – 261,400).

Non-residential electricity customer sites in the RoI were 46,800 at 31 March 2024 (2023 – 47,400). Non-residential gas customer sites in the RoI were 2,600 at 31 March 2024 (2023 – 2,900).

Residential customer numbers in NI were 511,700 at 31 March 2024 (2023 – 477,900). Non-residential customer numbers in NI were 39,400 at 31 March 2024 (2023 – 38,700).

Total electricity sales volumes in the RoI were 4.5TWh (2023 – 5.0TWh) and in NI were 2.8TWh (2023 – 2.7TWh). RoI gas sales volumes were 65.2m therms (2023 – 80.6m therms).

During the year, the Group received 8 (2023 – 8) complaints which were referred to the CRU and 2 (2023 – 1) complaints which were 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 falling wholesale costs Energia and Power NI reduced their tariffs on a number of occasions during the year. Most recently on 26 January 2024, Energia announced a 7.5% reduction in unit rates for electricity and a 5.0% reduction in unit rates for gas with effect from 1 March 2024. On 1 March 2024, Power NI announced a 6.3% reduction in its tariff for residential customers with effect from 1 April 2024.

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

Price Control

Power NI's current price control runs until 31 March 2025. In line with the UR's approach to its review and setting of a new price control, for a four year period to commence on 1 April 2025 and run to 31 March 2029, Power NI has submitted its response to the Business Plan Questionnaire. The UR is expected to publish its draft determination by the end of First Half 2025 for a period of public consultation, and a final determination is expected by the end of the Third Quarter 2025.

Government support to residential customers

While the UK Government did not make support payments to residential electricity customers in Winter 2023/24, the RoI Government did announce as part of its Budget on 10 October 2023 that all residential electricity customers would get €450 off their electricity bills. This energy credit was paid in 3 instalments of €150 (December 2023, January 2024 and March 2024) and the scheme has now ceased.

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.

As part of the Positive Energy Programme, Energia is an active participant in the RoI Government's Climate Action Plan with the twin goals of decarbonisation and digitalisation.

The Group's Customer Solutions business is undergoing a transformation from a traditional energy supplier to a comprehensive energy manager, assisting customers in navigating their energy transition. As customers evolve from consumers to prosumers, the Customer Solutions business supports their journey through its Engage, Empower, and Collaborate strategy.

The first phase, 'Engage,' is designed to increase customer engagement and improve energy efficiency with an emphasis on the increasing adoption of Smart Metering across the RoI. In April 2023, 13% of re-contracting Energia residential customers upgraded from a legacy tariff to a smart tariff – this conversion has grown substantially throughout the year to 66% in March 2024 and at 31 March 2024, c.47,000 Energia customers were benefiting from smart metering. One of the factors leading to this growth are new Time of Use tariffs (introduced in FY24) specifically targeting customers who are more advanced in their energy transition, such as electric vehicle (EV) owners, microgenerators, and those capable of exporting energy to the grid. Additionally, a new digital service offering personalised energy insights was successfully launched in February 2024 enabling customers, potentially for the first time, to understand half-hourly household energy consumption – enabling dynamic budget setting, comparisons to peers and household usage trends in an accessible, digital format.

The 'Empower' phase aims to advance customers further in their energy journey by developing innovative solutions such as smart EV charging pilots, dynamic tariffs, and personalised digital services. Through continuous investment in digital and data infrastructure, Customer Solutions enables households to reduce their environmental impact while enjoying the benefits and rewards of sustainable energy.

Through these strategic initiatives, Customer Solutions is committed to guiding customers throughout their energy transition, promoting a sustainable and efficient energy future.

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 continues with the development of the Energia Digital IQ platform. This near real-time cloud platform is on track to enhance Energia's Customer Solutions business by increasing customer self-serve, boosting customer engagement and enabling decarbonisation through smart, low carbon energy technologies.

Summary of Financial Performance

Summary of Financial Performance

Revenue

Revenue from continuing operations decreased to €3,254.6m (2023 - €4,568.3m). The breakdown by business is as follows:

Year to 31 March	2024 €m	2023 €m
Renewables	362.5	427.2
Flexible Generation (based on regulated entitlement)	628.7	1,769.7
Customer Solutions (based on regulated entitlement)	2,379.5	2,345.2
Adjustment for (under) / over-recovery	(107.9)	149.8
Inter business elimination	(8.2)	(123.6)
Total revenue from continuing operations	**3,254.6**	**4,568.3**

Revenue from the Renewables business decreased to €362.5m (2023 - €427.2m) primarily reflecting lower prices and lower volumes partly offset by higher Renewable Obligation Certificate (ROC) sales.

Flexible Generation revenue decreased to €628.7m (2023 - €1,769.7m) primarily reflecting lower Huntstown revenues primarily driven by lower utilisation for both plants (including lower availability for Huntstown 2) and lower energy prices, together with lower PPB revenues reflecting lower energy prices and utilisation of the Ballylumford plant under contract which expired in September 2023.

Customer Solutions revenue increased to €2,379.5m (2023 - €2,345.2m) primarily due to higher Power NI residential revenues (reflecting higher customer numbers and volumes together with an increase in tariffs against prior year (excluding the UK Government's Energy Price Guarantee (EPG) detailed below in Other Income), partly offset by lower Energia non-residential revenues (reflecting lower energy prices and lower volumes) and lower Power NI non-residential revenues (primarily reflecting lower pass through energy prices).

During the year the regulated businesses of Power NI and PPB combined under-recovered against their regulated entitlement by €107.9m (2023 – €149.8m over-recovery) and at 31 March 2024 the cumulative over-recovery against regulated entitlement was €122.5m. The (under) / over-recovery of regulated entitlement reflects the phasing of tariffs.

Other income

The following table shows other income by business:

Year to 31 March	2024 €m	2023 €m
Renewables	0.3	0.2
Customer Solutions	12.1	135.1
Total other income	**12.4**	**135.3**

Other income of €12.4m (2023 - €135.3m) primarily relates to the UK Government's Energy Price Guarantee (EPG) income of €12.1m for Power NI's residential customers (2023 - €135.1m). The EPG scheme ceased on 30 June 2023.

Operating costs

Operating costs (pre-exceptional items and certain remeasurements and excluding depreciation and amortisation) decreased to €3,000.0m (2023 - €4,286.7m).

The breakdown is as follows:

Year to 31 March	2024 €m	2023 €m
Energy costs	2,808.6	4,113.9
Employee costs	68.6	62.4
Other operating charges	122.8	110.4
Total pre-exceptional items and certain remeasurements	**3,000.0**	**4,286.7**

Energy costs decreased to €2,808.6m (2023 - €4,113.9m) primarily reflecting lower energy prices, the cessation of the PPB business (Ballylumford plant contract expired in September 2023), lower wind volumes, lower utilisations of the Huntstown plants (including lower availability for Huntstown 2) and lower non-residential electricity and gas sales volumes partly offset by higher ROC costs associated with higher sales.

Employee costs increased to €68.6m (2023 - €62.4m) reflecting increased costs in respect of higher inflation, together with an increase in staff numbers associated with the underlying growth of the Group's businesses.

Other operating charges increased to €122.8m (2023 - €110.4m) primarily reflecting higher Renewables other operating costs and higher Flexible Generation other operating costs partly offset by lower Customer Solutions other operating costs (primarily reflecting lower expected credit loss charges).

Group EBITDA

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

Year to 31 March	2024 €m	2023 €m
Renewables	111.9	224.5
Flexible Generation	55.9	204.7
Customer Solutions	207.1	(162.1)
Group pro-forma EBITDA	**374.9**	**267.1**
(Under)/over - recovery of regulated entitlement	(107.9)	149.8
EBITDA	**267.0**	**416.9**

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 €374.9m (2023 – €267.1m) primarily reflecting an increase in EBITDA in the Customer Solutions business partly offset by a decrease in the Flexible Generation and Renewables businesses.

Renewables EBITDA (pre-exceptional items and certain remeasurements) was €111.9m (2023 - €224.5m) primarily reflecting lower EBITDA from the renewable PPAs (primarily due to lower energy prices and lower wind volumes), together with lower wind generation assets EBITDA (primarily due to lower energy prices impacting NI assets, lower wind volumes across the portfolio and higher operating costs).

Flexible Generation EBITDA (pre-exceptional items and certain remeasurements) decreased to €55.9m (2023 – €204.7m) primarily reflecting lower margins for both Huntstown plants (associated with lower utilisation for both plants (including lower availability for Huntstown 2) and lower commodity prices during the year and higher operating costs) together with lower EBITDA for the PPB business (with the cessation of the business in September 2023) and lower emergency generation revenue which benefited from milestone payments in 2023, partly offset by higher EBITDA contribution from the 50MW battery storage facility in NI (commissioned in October 2022).

Customer Solutions EBITDA (pre-exceptional items and certain remeasurements) increased to €207.1m (2023 - €162.1m loss) primarily reflecting higher Energia residential and non-residential margins and higher Power NI residential regulated and non-residential margins together with the benefit of reassessment of expected credit loss provisions for both businesses partly offset by higher Customer Solutions operating costs.

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	2024 €m	2023 €m
Renewables	29.8	30.5
Flexible Generation	24.4	15.7
Customer Solutions	16.1	16.3
Total depreciation and amortisation	**70.3**	**62.5**

Depreciation and amortisation (pre-exceptional items and certain remeasurements) increased to €70.3m (2023 - €62.5m) primarily reflecting higher depreciation in the Flexible Generation business associated with an impairment reversal in relation to the Huntstown plants as at 31 March 2023.

Group pro-forma operating profit

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

Year to 31 March	2024 €m	2023 €m
Renewables	82.1	194.0
Flexible Generation	31.5	189.0
Customer Solutions	191.0	(178.4)
Total Group pro-forma operating profit	**304.6**	**204.6**

Group pro-forma operating profit (pre-exceptional items and certain remeasurements) increased to €304.6m (2023 - €204.6m) primarily reflecting higher operating profit in the Customer Solutions business partly offset by lower operating profit in the Flexible Generation and the Renewables businesses.

Exceptional items and certain remeasurements

Exceptional items and certain remeasurements were a €15.5m credit (2023 - €9.6m).

The breakdown by business is as follows:

Year to 31 March	2024 €m	2023 €m
Renewables	(1.2)	(2.0)
Flexible Generation	-	47.0
Customer Solutions	16.7	(35.4)
Total Exceptional Items and Certain Remeasurements	**15.5**	**9.6**

Exceptional items in the Renewables business were a €1.2m cost (2023 - €2.0m) reflecting a €2.7m cost (2023 - €1.1m) associated with acquisitions whether successful or unsuccessful partly offset by a fair value adjustment to contingent consideration of €1.5m credit (2023 – €5.0m). Prior year costs include impairment of property, plant and equipment of the Huntstown bioenergy plant of €12.5m and exceptional finance income of €2.3m (associated with the termination of the interest rate swaps in respect of the Huntstown bioenergy plant).

Prior year exceptional items in the Flexible Generation business include a partial reversal of an impairment taken in 2018 in respect of the Huntstown plants' property, plant and equipment which resulted in a credit of €47.0m.

Exceptional items in the Customer Solutions business were a €16.7m credit (2023 - €35.4m cost) primarily reflecting certain remeasurements relating to the recognition of fair value of derivatives of €19.8m credit (2023 – €34.9m cost) partly offset by the accelerated amortisation of bond fees of €3.1m associated with the refinancing of the Group on 31 July 2023. Prior year costs include €0.5m loss on disposal of subsidiary.

Further information is outlined in note 7 to the accounts.

Net finance costs

Net finance costs (pre-exceptional items and certain remeasurements) increased from €39.5m to €46.9m primarily reflecting higher interest costs on the senior secured notes and the impact of foreign exchange movements largely offset by an increase in interest income on bank deposits in the year compared to last year.

Tax charge

The total tax charge (pre-exceptional items and certain remeasurements) was €19.8m (2023 – €53.0m). 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	2024 €m	2023 €m
Group pro-forma EBITDA[1]	**374.9**	**267.1**
Defined benefit pension charge less contributions paid	(1.5)	(1.4)
Net movement in security deposits	37.1	(15.0)
Changes in working capital[2]	(43.5)	(7.6)
(Under) / over recovery of regulated entitlement	(107.9)	149.8
Exceptional items	(2.7)	(1.1)
Foreign exchange translation	(0.7)	2.0
Pro-forma cash flow from operating activities	**255.7**	**393.8**
Capital expenditure[3]	(105.0)	(103.0)
Net receipt of government grant / deferred income[4]	20.9	7.3
Cash flow before acquisitions, disposals, interest and tax	**171.6**	**298.1**

[1] Includes EBITDA of unrestricted assets of €55.4m (2023 - €89.5m).

[2] Includes changes in working capital of unrestricted assets of €3.3m increase (2023 – €10.6m decrease). Changes in working capital equals increase in inventories €5.2m (2023 - €0.4m decrease), decrease in trade and other receivables €84.0m (2023 - €57.5m), decrease in trade and other payables €135.0m (2023 - €41.3m) and net proceeds on the sale and purchases of other intangibles of €12.7m (2023 - €24.2m expenditure).

[3] Includes capital expenditure on unrestricted assets of €58.4m (2023 - €40.6m) and intangible asset (software and customer acquisition costs) expenditure of €14.6m (2023 - €10.6m). Net capital expenditure equals purchase of property, plant and equipment €90.4m (2023 - €92.4m) and purchase of intangible assets €268.1m (2023 - €252.8m) less proceeds from sale of intangible assets €266.2m (2023 - €218.0m) and net proceeds on the sale and purchases of other intangibles of €12.7m (2023 - €24.2m net expenditure).

[4] Includes deferred income of €21.4m (2023 – €6.9m) in relation to the Group's emergency generation and data centre projects and grant income of €0.6m (2023 - €0.7m) partly offset by €0.3m (2023 - €0.3m) release of government grant in relation to Hydrogen project and release of €0.8m (2023 – nil) in relation to emergency generation project as disclosed further in note 23.

Pro-forma Group cash flow from operating activities decreased to €255.7m (2023 - €393.8m) primarily reflecting an under-recovery of regulated entitlement of €107.9m (2023 - €149.8m over-recovery) and a higher increase in working capital of €43.5m (2023 - €7.6m), partly offset by an increase in EBITDA from €267.1m to €374.9m and a decrease in security deposits of €37.1m (2023 - €15.0m increase).

Net movement in security deposits

The net movement in security deposits was a €37.1m decrease (2023 – €15.0m increase) reflecting the reduction and stabilisation of commodity and wholesale electricity prices which impact collateral requirements. There were €19.9m of security deposits in place at 31 March 2024 (2023 - €56.6m).

Changes in working capital

Working capital increased by €43.5m (2023 – €7.6m) primarily reflecting a decrease in trade and other payables (reflecting reduced energy prices, lower retail volumes, the expiry of the Ballylumford contract with PPB from September 2023, a reduction in contract liabilities (associated with government support credits) and a reduction in REFIT payable) and an increase in inventories (reflecting purchase of distillate for the Huntstown plant) partly offset by a decrease in trade and other receivables (primarily reflecting reduced energy prices, lower retail volumes and tariff reduction, together with a decrease in hedge debtors due to lower commodity prices partly offset by the reassessment of expected credit loss provisions) and a decrease in ROC assets.

(Under) / over - recovery of regulated entitlement

As noted previously the regulated businesses of Power NI and PPB combined under-recovered against their regulated entitlement by €107.9m (2023 – €149.8m over-recovery) and at 31 March 2024 the cumulative over-recovery against regulated entitlement was €122.5m. The (under) / 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 €105.0m (2023 - €103.0m). The breakdown by business is as follows:

Year to 31 March	2024 €m	2023 €m
Renewables	58.4	40.6
Flexible Generation	27.0	49.3
Customer Solutions	19.6	13.1
Capital Expenditure	105.0	103.0

Renewables capital expenditure increased to €58.4m (2023 - €40.6m) primarily reflecting higher capital expenditure on development projects.

Flexible Generation capital expenditure decreased to €27.0m (2023 - €49.3m) primarily reflecting lower capital expenditure on the data centre (prior year expenditure relates to the purchase of lands and infrastructure costs), together with lower expenditure on the 50MW battery storage facility and lower expenditure on the emergency generation project.

Customer Solutions capital expenditure increased to €19.6m (2023 - €13.1m) primarily reflecting higher expenditure in respect of IT projects.

Other cash flows

Net interest paid

Net interest paid (excluding exceptional finance costs) was €35.0m (2023 - €39.4m) reflecting the increase in interest income on bank deposits.

Dividends

On 1 August 2023 the Board approved the payment of a €150.0m dividend to the parent undertaking which was subsequently paid on 3 August 2023 and on 19 December 2023 the Board approved the payment of a €50.0m dividend to the parent undertaking which was subsequently paid on 22 December 2023 (2023 - €nil).

Net Debt

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

Year to 31 March	2024 €m	2023 €m
Cash and cash equivalents*	404.2	619.9
Senior secured notes	(590.0)	(602.1)
Senior revolving credit facility	-	(80.7)
Project finance facilities	(260.4)	(277.2)
Interest accruals	(3.4)	(2.0)
Total net debt	**(449.6)**	**(342.1)**

*Excluding restricted cash of €5.7m at 31 March 2023 as outlined in note 20 of the accounts.

The Group's net debt increased by €107.5m from €342.1m at 31 March 2023 to €449.6m at 31 March 2024 primarily reflecting a reduction in cash and cash equivalents (notably including the dividend payments of €200.0m in the year) partly offset by a €80.7m repayment of the senior revolving credit facility.

Net debt at 31 March 2024 includes project finance net debt of €230.1m (2023 - €234.6m). Excluding project financed net debt, net debt was €219.5m (2023 - €107.5m).

Defined benefit pension surplus

The pension surplus in the Group's defined benefit scheme under International Accounting Standard (IAS) 19 was €0.3m at 31 March 2024 (2023 – €2.3m).

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 third annual deficit repair contribution made under the recovery plan was paid in the year ended 31 March 2024.

The trustees of EGNIPS have commenced the next actuarial valuation of the scheme as at 31 March 2024 which is expected to conclude within 15 months of the valuation date.

Outlook

During the year commodity and wholesale electricity prices, interest rates and inflation all stabilised somewhat from the high and volatile levels experienced in recent years and the Group has been able to deliver robust financial performance through its regulated and contracted revenues supported by its integrated business model. While the Group's businesses remain resilient, the exceptional price environment and resulting EBITDA performance in FY24 is expected to normalise in FY25.

We will continue to play a leading role in the decarbonisation of the energy system across the island of Ireland through the development and build out of our extensive renewable asset portfolio, the provision of flexible generation critical for security of supply and excellent service to homes and businesses.

Market Structure

Market Structure

Single Electricity Market

In November 2007, the electricity market regulators in the RoI and NI, the CRU and the UR, respectively, replaced their individual wholesale market arrangements with an all-island market known as the Single Electricity Market, or SEM. Revised SEM market arrangements were put in place from 1 October 2018 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 in the form of Reliability Options that incentivise generators to generate electricity when market prices exceed a defined strike price in exchange for a fixed payment. The Northern Ireland Protocol, as updated by the Windsor Framework, ensures the continued functioning of the SEM market post Brexit. However, from 1 January 2021 the framework for electricity trading across interconnectors between Ireland and Great Britain changed and these two interconnectors are no longer able to participate in the EU single day-ahead market.

Implicit Intra-Day fallback arrangements are currently in operation until replaced by new day-ahead trading arrangements for EU–UK interconnectors.

The 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 (ORESS) to provide support to renewable electricity projects and help deliver renewable electricity policy to 2030. Both RESS and ORESS allocate support in the form of a two-way Contract for Differences (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 ORESS will provide the route to market for the majority of this capacity. The first RESS auction took place in 2020, procuring over 1.2GW of onshore wind and solar but a significant proportion of this did not get built. RESS 2 took place in 2022 and awarded support to just under 2GW of capacity, again predominantly onshore wind and solar, with a number of projects not getting built and a 1-year extension granted to the longstop date extending it to December 2024. RESS 3 took place in 2023 and awarded support to around 650MW solar and onshore wind. RESS 4 is scheduled to take place in August 2024. 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 ORESS auction (ORESS 1) took place in May 2023, procuring on a Developer Led basis c3.1GW of offshore capacity. Subsequently a further 1.2GW of ORESS1 unsuccessful projects (together Phase 1 Projects) are being allowed to progress as merchant offshore projects, subject to achieving certain milestones by December 2025. Government policy changed in 2023 such that all future projects will be developed on a Plan Led basis, and Eirgrid have taken on responsibility to provide grid connections where feasible. It is currently expected that a second ORESS auction (ORESS 2) could take place in November 2024. Phase 1 projects are due to submit planning applications by June 2024, and could potentially be connected by 2030, but ORESS2.1

projects will not be connected until after 2030. Assuming all these projects obtain planning consent and all necessary property rights and are constructed, Phase 1 and ORESS 2 combined could procure the 5GW of capacity required to achieve the Climate Action Plan target, albeit on a later timeline.

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 control

Power NI is subject to a price control, defined in formulae set out in Power NI Energy Limited's licence, which limits 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 constructed pre-March 2017. 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 are due to be set at the 2027 buy-out price, plus 10% and will be inflation linked, but OFGEM have consulted on a UK wide basis to consider whether to vary the terms and timing of introduction of fixed price ROCs.

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 and published an update in April 2024 presenting the intended high-level design and auction roadmap for the new scheme. It is intended that support will be provided in the form of a two-way CfD contract for 15 years allocated via a competitive auction process, with full inflationary indexation and dispatch down compensation. The auctions are tentatively scheduled for 2025/26 and 2027, with a separate Offshore CfD scheme auction to be run potentially in 2028.

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. The rules of the SEM are complex and affect the major revenue streams of all generators, thermal and renewable, who sell into the market. Under the 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, relief of transmission network constraints and further interconnection 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 SEM.

The SEM market trading arrangements comprise a Day Ahead Market, Intra-Day Market Balancing Market, Capacity Remuneration Mechanism (CRM) and payments for ancillary services. The Group's supply businesses remain exposed to energy and price resettlement risks within these markets and the Group's assets remain exposed to prices, competition and regulation (involving evolving EU requirements and State aid rules), within these markets.

Fluctuations in market prices of electricity, changes to renewable support mechanisms and the availability of generators may adversely affect the Group's wind farm generation and PPA results. Volatility in electricity prices, which can be impacted by commodity prices for coal, oil, natural gas, and carbon, and, in particular, a drop in the prices for such traditional energy fuels, may cause electricity generated from wind power to achieve a lower than anticipated market price for electricity and adversely affect the Group's business. The Group does not and cannot fully hedge the risks associated with changes in electricity, natural gas and CO_2 prices or generation plant utilisations or its relative size in the market. Customer demand and the amount of energy generation on the system, including the amount of wind, can also impact market prices. Capacity mechanism prices and ancillary service income can be impacted by regulator decisions and competition. There is also a risk that the Group may not have access to a sufficient number of counterparties offering facilities to meet the Group's commodity and foreign exchange hedging requirements. 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. Geopolitical circumstances also continue to result in the risk of future volatility in wholesale commodity prices and therefore SEM market prices for electricity.

During the year, the market operator has resettled the SEM markets in line with the expected market resettlement timetable of 4 months and 13 months after initial settlement and the market had one system fix released. 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 based on facts and circumstances as at the Balance Sheet date.

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 SEM power in line with retail electricity sales contracts. The strategy adopted varies by customer type and can be summarised as follows:

- Large Energy User (LEU) and large Small or Medium-sized Enterprise (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 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 generally 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.

Government price interventions and/or reductions in governmental support for renewable energy sources in general, or wind farms in particular, could adversely affect the Group's operations. 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 was applicable from December 2022 to June 2023) however there is a risk that if market prices reduce below the REFIT reference price over the annual term ending September 2024, revenue initially recognised in Financial Year 2024 could be clawed back in Financial Year 2025.

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. The Group continues 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. During the year, the Group retained 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. The Group will also be required to produce a net zero transition plan and to undertake a significant new double materiality assessment.

Changes in legislation and regulations on climate change could result in increased operating expenditures and / or increased capital expenditures to improve the efficiencies of the Group's assets or other related aspects of its assets in order to comply with such regulations or otherwise adapt to climate change. Compliance with new laws or regulations relating to climate change, including compliance with planning consent and licensing regimes or any carbon reduction or other greenhouse gas emissions regulation, may require the Group to make improvements to its existing assets. There are a number of ESG reporting obligations on the horizon for Energia Group including The Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD).

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.

A failure to ensure the business is climate resilient presents risks if the Group is not able to successfully manage the impacts of climate change. Physical effects of climate change such as increased temperatures, rising sea levels, severity of weather events and frequency of natural disasters, such as hurricanes, tropical storms, wildfires, floods and earthquakes, among other effects, could result in physical damage or a decrease in the value of the Group's assets.

Conventional and renewable generation plant availability and utilisation

Energia Group runs the risk of interruptions to the availability of its conventional and renewable generation plants. Unscheduled interruptions to availability risks asset output performance levels. Mechanical failure, equipment malfunction or technological breakdown could adversely affect the Group's business and operating results. The Group's assets, including its electricity generating plants, battery storage, and hydrogen generation assets, require regular maintenance which may cause interruptions to production, including, among other things, failed deliveries by suppliers or manufacturers or longer-than-expected periods for technical adjustments.

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 Organisation for Standardisation (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.

The Group's other assets such as battery storage, emergency gas generation and hydrogen generation assets have maintenance contracts in place with OEM and /or specialist third parties.

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.

The increasing prevalence of wind generation assets on the Irish network gives rise to the risk that curtailments and constraints may become more frequent than the levels experienced to date. Significant investment in the electricity grid and interconnection to facilitate wider and deeper electrification powered by renewable electricity is fundamental to the long-term decarbonisation of the island of Ireland. The decisions taken by the TSO imposing constraints and curtailment on the Group's wind farms and third-party wind farms in respect of which the Group has PPAs directly impact upon the revenue and profitability of the Group's wind farm assets and PPAs, and if the scale of these actions were to increase it could have a material adverse effect on the Group's operating and financial performance.

Additionally, Ireland relies heavily on natural gas interconnectors from Great Britain for its natural gas supply. In the RoI, there are two interconnectors, IC1 and IC2, that transport natural gas from Great Britain's natural gas transmission network. The natural gas transmission system in NI imports natural gas from Scotland. Disruption of, or any restriction on access to natural gas interconnectors or pipelines, would impact upon the ability of the Huntstown plants to operate. Furthermore, EU sanctions against Russia could result in a shortage of gas in Europe, which, in turn, could affect the flow of gas supplies to the UK and Ireland.

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 a wide range of complex governmental legislation and regulation, including those overseen by regulatory bodies in the UK, the RoI and the EU, including the UR and the DfE in NI, the CRU and the DECC in the RoI as well as the SEMC on an all-island basis.

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 SEM related matters.

The SEM market arrangements create risks to revenues from generation activities. The 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 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.

Regulation and government policy impacts numerous aspects of the Group's business and industry including, but not limited to, overall market structure and design, construction and operation of generation facilities, acquisitions, disposals, recovery of costs and investments, return on Power NI's regulated business activities, market behaviour rules, support mechanisms for renewable generation, capacity mechanisms and other procurement frameworks, energy efficiency and renewable heat obligations, generator obligations, present or prospective wholesale and retail competition and environmental matters. Power NI is exposed to regulatory risk in respect of its price control. 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. Regulatory relationships are managed by senior management through frequent meetings, informal dialogue and formal correspondence. In addition, the Group employs dedicated economic regulation and policy staff supporting all business segments on market design, energy policy and market reforms, representing the business on market TSC Modifications Committee, SEMOpx Modifications Committee, CMC Workshops, GNI Code Mod Forum, and retail change forums and industry groups and, engaging with regulators, and policy makers and system operators on an ongoing basis, proactive lobbying through trade associations (Electricity Association of Ireland (EAI), Wind Energy Ireland (WEI), Energy Storage Ireland (ESI), Irish Energy Storage Association (IESA), and RenewableNI (RNI)) and other groups (e.g. Economic and Social Research Institute (ESRI) and Irish Business and Employer's Confederation (IBEC)).

The Group is also subject to general competition rules and pro-competition government policies. In response to Russia's invasion of Ukraine the EU and the UK have imposed comprehensive trade restrictions on Russia as well as significantly expanded 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.

Also, in response to the energy crisis, the EU instigated a review of electricity market design which is ongoing, and introduced a market revenue cap regulation targeting windfall gains earned by renewable generators over the period from 1 December 2022 until 30 June 2024 which was signed into RoI law on 17 November 2023.

The Group is subject to applicable procurement laws, including the EU Utilities Directive. Changes in, revisions to, or reinterpretations of existing or pending laws and regulations may have an adverse effect on the Group's businesses. Further, the Group's ability to take actions and implement new policies may be constrained by government regulations. In addition, the Group may be subject to, or requested to participate in, regulatory inquiries, reviews, or investigations from time to time.

The Group's development assets are subject to planning consent and licensing regimes in the jurisdictions in which they are located, which are constantly subject to change and in the case of offshore wind projects in some instances still evolving. In addition, the Group's operating assets are subject to planning compliance conditions.

The Group is also subject to extensive environmental regulation by governmental authorities and may incur costs beyond those currently contemplated to comply with these requirements.

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 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 and its subsequent ratification by the UK and EU on 24 March 2023. While some arrangements are now in force, the implementation of the Windsor Framework will happen in stages through to 2025.

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, economic and ESG 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. The Group's 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 needed. In addition, the post-COVID recovery and global supply chain shortages have the potential to disrupt the availability of contractors, equipment and supplies which could cause delays to the construction of assets. 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. Furthermore, supply chain cost escalation could make projects uneconomic. Older turbine models are being withdrawn so there is a risk that consented projects could become stranded. 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 personnel in order to deliver complex IT projects required to operate in the market in a responsible manner. 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 events have the potential to result 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 its Flexible Generation and Renewable 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). Changes in tax laws, challenges to the Group's tax position or misinterpretations of certain tax laws could adversely affect its results of operations or financial condition. 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 19(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 introduced a number of market interventions in response to high commodity prices during the energy crisis including legislation to enact the Inframarginal Revenue Cap in Ireland and the UK Government's Electricity Generator Levy on low carbon electricity generation. Management continues to monitor and assess the implementation of these market interventions and the potential impact on the Group's businesses.

The Organisation for Economic Co-operation and Development (OECD) Pillar Two (Global Minimum Tax) model rules, seek to apply a 15% global minimum tax rate on the Group. Management continues to monitor and evaluate the domestic implementation of the rules by relevant countries. The impact of this legislation and potential implication for the Group is discussed further at Note 3 (a) to the accounts.

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 2024 there were 68 members comprising 12 active members, 55 pensioners and one dependent pensioner. 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. The Group is subject to the requirements of privacy legislation such as General Data Protection Regulation (GDPR) and the National Information Security Directive and there is a risk that the Group may be unable to protect itself from a nation-state cyber-attack due to their advanced cyber capabilities. Furthermore, there is a heightened concern around cyber-attacks in light of the ongoing geopolitical events. In addition, the capabilities of Artificial Intelligence (AI) have developed rapidly and there could be a risk that the Group is not adequately prepared to implement AI processes into its business operations. 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 monthly and bi-monthly respectively and report to the Group's 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. Decreases in demand for electricity may adversely affect the Group's business, financial condition and results of operations. Furthermore, the projected increase in demand for electricity may not materialise.

From time to time, the Group is required to make certain operational and maintenance related capital expenditures on its sites. The ability to undertake such operational and maintenance measures largely depends on cash flow, from operations and access to capital, however the Group may have unforeseen capital expenditure needs for which it may not have adequate capital.

Commodity markets for gas and carbon can experience high and volatile prices resulting in higher 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 SEM market, the Group's gas supply counterparties and network operators. It is expected that the benefit of higher 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 have 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 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.

The Group's insurance arrangements provide a level of coverage adequate for an energy generation and supply business of its size and scope of operations with coverage in line with industry norms. The Group's insurance policies cover product and public liability, property damage, business interruption, employer's liability, directors' and officers' liability, and credit risk insurance. However, these insurance policies may not cover any losses or damages resulting from the materialisation of all of the risks to which it is subject.

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

Financial control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Group relies for day-to-day operations, external reporting and for longer-term planning. The Group exercises financial and business control through a combination of appropriately qualified and experienced personnel; rigorous business planning processes; detailed performance analysis; an integrated accounting system; and clearly defined approval limits.

The internal auditors test the effectiveness of financial and business controls. Investment decisions are accompanied by detailed analysis, both short and long-term, of the markets and opportunities in which the Group operates or is considering investing in.

Treasury risks

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

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

At 31 March	2024 €m	2023 €m
Cash and cash equivalents*	373.8	577.3
Senior secured notes €600m (2028)	(590.0)	-
Senior secured notes €350m (2025)	-	(347.7)
Senior secured notes £225m (2024)	-	(254.4)
Senior revolving credit facility	-	(80.7)
Interest accruals – Senior secured notes	(1.8)	(1.1)
Other interest accruals	(1.5)	(0.9)
Net debt excluding project finance facilities	**(219.5)**	**(107.5)**
Project finance cash	30.4	42.6
Project finance bank facility (RoI)	(96.7)	(106.6)
Project finance bank facility (NI)	(163.7)	(170.6)
Project finance interest accruals	(0.1)	-
Pro-forma net debt	**(449.6)**	**(342.1)**

*Cash and cash equivalents at 31 March 2023 excludes €5.7m of restricted cash received from the UK Government in relation to administration of the Energy Bills Support Scheme ('EBSS'). The scheme ceased in June 2023 and remaining cash was repaid in October 2023 following completion of the government audit.

The maturity profile of the Group's loans and borrowings at 31 March 2024 is as follows:

Facility	€m	Maturity
Senior secured notes €600m	(590.0)	July 2028
Project finance facilities	(260.4)	2024-2035
Interest accruals – Senior secured notes	(1.8)	
Other interest accruals	(1.6)	
	(853.8)	

Maturity analysis of loans and other borrowings is:

Facility	2024 €m	2023 €m
In one year or less or on demand	(26.4)	(104.2)
In more than one year but less than two years	(24.7)	(278.3)
In more than two years but less than five years	(670.2)	(423.3)
In more than five years	(132.5)	(156.2)
	(853.8)	**(962.0)**

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	2024 €m	2023 €m
Project finance bank facilities	426.0	426.0
Draw down	(426.0)	(426.0)
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 29. 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.

In July 2023, the Group completed a full refinancing of the Euro denominated €350.0m 4.0% Senior secured notes due in September 2025 and the Sterling denominated £225.0m Senior secured notes due in September 2024 replacing them with a new €600.0m Euro denominated 6.875% Senior secured note due in July 2028. At the same time the Group also put in place a new €450.0m Senior revolving credit facility maturing in April 2028 which can be used for both letters of credit and working capital purposes replacing the previous £305.0m facility.

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 2024, the Group had letters of credit issued out of the Senior revolving credit facility of €271.7m resulting in undrawn committed facilities of €178.3m (2023 - €29.1m). There were no cash drawings under the Senior revolving credit facility at 31 March 2024 (2023 - €80.7m).

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

At 31 March 2024, there was €30.4m (2023 - €42.6m) of restricted cash in the project financed wind farms which is subject to bi-annual distribution debt service requirements.

Interest rate risk

The majority of the Group's borrowings bear interest at fixed rates with its €600m Euro denominated Senior secured notes bearing interest at a fixed rate coupon of 6.875%.

The Group's only exposure to interest rate risk is in respect of drawings on the Senior revolving credit facility which was undrawn at 31 March 2024 (€80.7m at 31 March 2023) 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 2024, 96.9% of the Group's total borrowings were on a fixed rate basis and therefore not subject to any interest rate risk.

At 31 March	2024 €m	2023 €m
Loans and other borrowings fixed/floating analysis		
Fixed rate debt	(827.1)	(857.0)
Variable rate debt	(26.7)	(105.0)
	(853.8)	**(962.0)**

The estimated fair value of the Group's interest rate derivative financial instruments is disclosed in note 26 to the accounts.

Foreign currency risk

Following the refinancing of the Senior secured notes in July 2023, the Group's debt is predominantly in Euro. 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 in the current year.

At 31 March	2024 €m	2023 €m
Loans and other borrowings currency analysis		
Euro	(688.9)	(456.1)
Sterling	(164.9)	(505.9)
	(853.8)	**(962.0)**

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 26 to the accounts.

Commodity risk

Energia employs commodity swaps to hedge gas price exposures and forward purchase contracts to hedge its shortfall of 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.

Energia and Power NI enter into 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 26 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 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 19. 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 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 26 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 of fuel prices (applying forward curves for commodities); and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

Sensitivity analysis was undertaken in relation to the key assumptions to reflect the impact of 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**

Introduction

Energia Group believes in the importance of a just transition to Net Zero. We are committed to providing a secure supply of affordable and clean energy to homes and businesses across the island of Ireland while also offering accessible energy services and products to ensure no one is left behind.

As part of our sustainability agenda, we have aligned our responsible business activities to the UN Sustainable Development Goals (SDGs). We have also set a near-term target to reduce the carbon intensity of our electricity generation by 50% by 2030 (based on FY20 levels) and are assessing credible pathways to Net Zero to inform future targets.

Our people are core to our success and at 31 March 2024, we employ 1,114 staff across the Group. Our People Strategy is designed to ensure that our current and future employees will be provided with 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.

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 communities on all issues of relevance. The Group has strong links with community groups, NGOs, Education programmes through various partnerships, our employee volunteering programmes, charitable initiatives and wind farm Community Benefit funds.

Energia Group also supports our communities from a cultural and sporting perspective. Our cultural activities include supporting the Wexford Opera Festival and being national sponsors of Seachtain na Gaeilge le Energia. In sport, Energia is the sustainable energy partner of the Irish Rugby Football Union and sponsor of the Energia All-Ireland Leagues. We also support a range of local and regional sporting activities and events.

We are embedding our sustainability agenda across the Group and were proud to win the ESG Best Performer of the Year (1,000+ employees) in the Green Awards 2024. The Group also achieved a B rating in CDP, an improvement from the B- achieved last year, and remains committed to continuing to further develop our climate-related disclosures through the CDP platform. During the year, we were recertified for the Business Working Responsibly Mark. The Group is a Business Supporter of the All-Ireland Pollinator Plan and we are implementing a range of biodiversity measures. As part of our broader sustainability agenda, we support an inclusive and diverse workforce and are signatories to the Elevate Pledge and hold the Bronze Diversity Mark.

Responsible Business Highlights

- Employs 1,114 people
- Target to reduce carbon intensity of electricity generation by 50% by 2030
- Ambition to increase onshore wind and solar threefold by 2030
- The first green hydrogen production facility on the island of Ireland
- 50 MW emergency gas generation plant now operational
- Winner ESG Performer of the Year (1,000+ employees) at the Green Awards
- B in our second CDP disclosure
- Business Supporter of the All-Ireland Pollinator Plan and member of Business for Biodiversity Ireland Platform
- 848,200 customer sites
- €800,000 annual community benefit fund
- 4 organisations awarded Greener Possibilities funds totalling €200,000 over 2 years
- Employees spent 1,800 hours volunteering
- Offshore Joint Venture with Vårgrønn announced

Our Purpose

To play a leading role in the decarbonisation of the energy system across the island of Ireland through the investment in innovative renewable energy projects, whilst continuing to provide critical security of supply and excellent service to our residential and commercial customers during the energy transition. We are fully committed to making a positive impact in the communities in which we operate, and to being an organisation that recognises the value of diversity among its staff, and where all staff feel included and valued, irrespective and indeed because of their uniqueness.

Pillars

OBJECTIVES

TO DECARBONISE THE ENERGY SYSTEM

We are committed to supporting the energy transition through reducing the carbon intensity of our electricity generation by 50% by 2030 compared to FY20 levels.

TO INVEST IN RENEWABLE ENERGY INFRASTRUCTURE

We will increase the volume of onshore renewable electricity threefold by 2030 compared to FY20.

We will progress with the delivery of our solar farm portfolio.

We will continue to develop up to 1.8 GW of new offshore wind projects off the coast of Ireland in partnership with Vårgrønn, and explore further opportunities beyond 2030.

TO EMPOWER OUR CUSTOMERS

We will support our residential and business customers on their energy transition journey, providing a range of innovative energy efficiency products and services, and through education and awareness campaigns for a smart and just energy transition.

TO EMPOWER OUR PEOPLE

We believe diversity and inclusion are essential elements for building a successful workplace where uniqueness is celebrated, and everyone feels they belong. By fostering an inclusive culture, we continue to create a more innovative, productive, and fulfilling work environment for all.

TO SUPPORT COMMUNITIES

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

UNDERPINNED BY OUR VALUES

TRUSTWORTHY DYNAMIC RESOURCEFUL COMMUNITY FOCUSED

TRUSTWORTHY

We're trusted to bring our best selves to work, treat our customers with care and empower people and communities.

DYNAMIC

We're creative and capable, countering everyday problems and committing our resources to developing the solutions that deliver the best service for all.

RESOURCEFUL

We're adaptable and agile, always developing new ideas to improve our customers' lives, achieve our business goals and lead on climate action.

COMMUNITY FOCUSED

We're at the heart of communities, investing in green energy infastructure and jobs, looking after people in need and empowering clubs accross Ireland.

ESG at Energia Group

At Energia Group, we are embedding and integrating our ESG strategy across the organisation. We have made environmental and social disclosures on a voluntary basis for a number of years, and we are preparing for greater reporting standardisation and levels of disclosures including through the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

As a leading player in the energy transition on the island of Ireland, Energia has in recent years moved to build an ESG Governance framework to enable the Group to embed our ESG agenda across the organisation. The Group's ESG commitment is a vital component of how we do business now and into the future. We are committed to integrating ESG considerations across our operations and into our decision-making processes as part of business as usual.

In order to achieve this, we have established an ESG Governance structure with the Group's CFO responsible for the continued development and implementation of our ESG Strategy, including our assessment of key climate risks and opportunities.

As part of this structure, the ESG Steering Group, which is chaired by the CFO, meets a minimum of four times a year and ensures that ESG-related matters are represented at Energia Group Board and Management Board levels through the CFO. The ESG Steering Group also provides oversight of the Group's Corporate Sustainability Reporting Directive (CSRD) readiness project and guidance to the ESG Working Groups ensuring that ESG policies and initiatives remain effective and consistent with the broader Group strategy. The ESG Working Groups meet on a bi-monthly basis. These groups are comprised of relevant experts from across the group.

energia group

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

As part of our approach to our sustainability agenda, we identified the UN Sustainable Development Goals (UN SDGs) as a key framework for guiding and informing the development and implementation of our ESG strategy.

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. Energia Group contributes to many of the 17 SDGs but has identified six goals with which we believe our purpose is most closely aligned with.

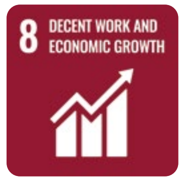
These goals are:

SDG 13

Climate Action

SDG 7

Affordable & Clean Energy



SDG 8

Decent Work & Economic Growth

SDG 9

Industry, Innovation & Infrastructure

SDG 11

Sustainable Cities & Communities

SDG 5

Gender Equality

Energia Group is fully and actively committed to being a responsible corporate citizen. By aligning our efforts with the UN SDGs, we are not only shaping a better future for our planet and people but also protecting the long-term sustainability and resilience of our company. We also believe that aligning our activities to the broader global efforts to deliver the SDGs demonstrates our commitment to our stakeholders including the communities in which we operate and serve, our employees and to the broader climate action agenda. Throughout our Responsible Business Report we disclose our targets, activities, and performance in relation to our contribution to progressing our priority SDGs.

Stakeholder Engagement and Materiality

As a Group, we are committed to the principle of stakeholder engagement and believe in the necessity and value of collaboration and partnership to advance climate action and the broader sustainability agenda.

Each year, we continue to engage with a broad range of internal and external stakeholders including: employees, commercial and residential customers, communities, regulators, industry groups, investors, NGOs, academia; rating agencies; and other organisations that affect, or could be affected by, our activities, products and services. Seeking the views of our stakeholders is an important component of the development and implementation of our ESG Strategy, in particular those issues considered to be most important or material as we prepare for the development of our Double Materiality Assessment (DMA).

Materiality Assessment

We conducted our first Materiality Assessment in FY22 which focused on ESG related issues included in Appendix 2 of our Responsible Business Report. The Materiality Assessment survey was shared via an online platform and both internal and external stakeholders were invited to respond. The material issues were prioritised based on the responses received. The results of this initial Materiality Assessment have informed our overall ESG approach and strategy. Overall, the results indicated that our stakeholders viewed a range of ESG factors as being important to Energia Group. Half of the issues identified as most important are related to specific environmental factors. Some of the other issues identified are relevant to our decarbonisation activities such as community engagement, while there is also an important focus on health and safety and governance. Our top 10 most important issues were:

1. Health and Safety
2. Decarbonising the Energy System
3. Security of Supply
4. Regulatory Responsibility
5. Onshore Wind Farm Development
6. Cyber Security
7. Affordable and Green Energy
8. Offshore Wind Farm Development
9. Community Engagement
10. Community Liaison

Stakeholder Interviews

In FY23, we extended and deepened our Materiality Assessment approach to include detailed stakeholder interviews to garner greater insights into the views of our stakeholders from an ESG perspective. The insights from the stakeholder interviews will help to inform our Double Materiality Assessment which commenced in FY24 and is aligned to the CSRD requirements. The Group is currently carrying out research on the impacts, risks and opportunities associated with the business and will be seeking further input from our key stakeholders.

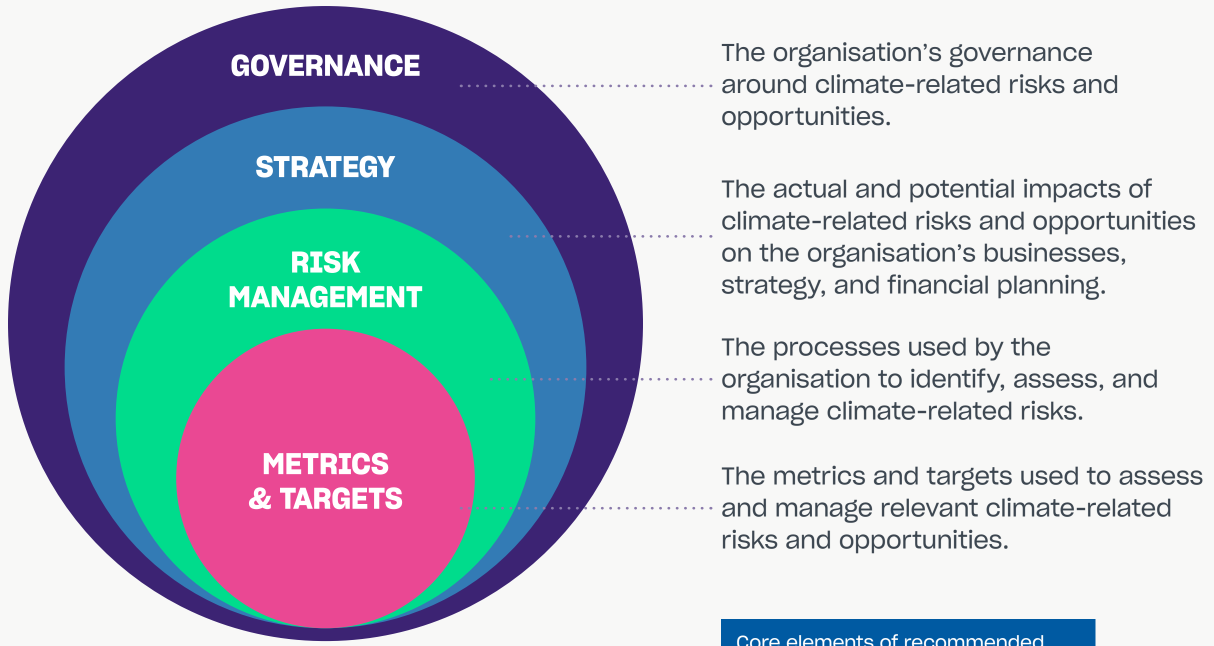
Climate Risk & Opportunity Analysis

Climate-related issues are some of the most materially important issues to the energy sector and to Energia Group including our businesses, Renewables, Flexible Generation and Customer Solutions.

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

To help us identify and understand these risks and opportunities, we support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We report annually in our Responsible Business Report on physical and transition climate-related risks and opportunities using the four TCFD thematic areas: governance, strategy, risk management, and metrics and targets. These key disclosures consider and assess climate-related risks and opportunities and their financial impacts.



Core elements of recommended climate related financial disclosures

To advance our climate-related disclosures, Energia Group reported on climate risks and opportunities in FY22 and FY23. However, in line with Climate Related Financial Disclosures (CFD) legislation in the UK and future CSRD requirements, the Group's approach is evolving and will continue to do so over the next number of years.

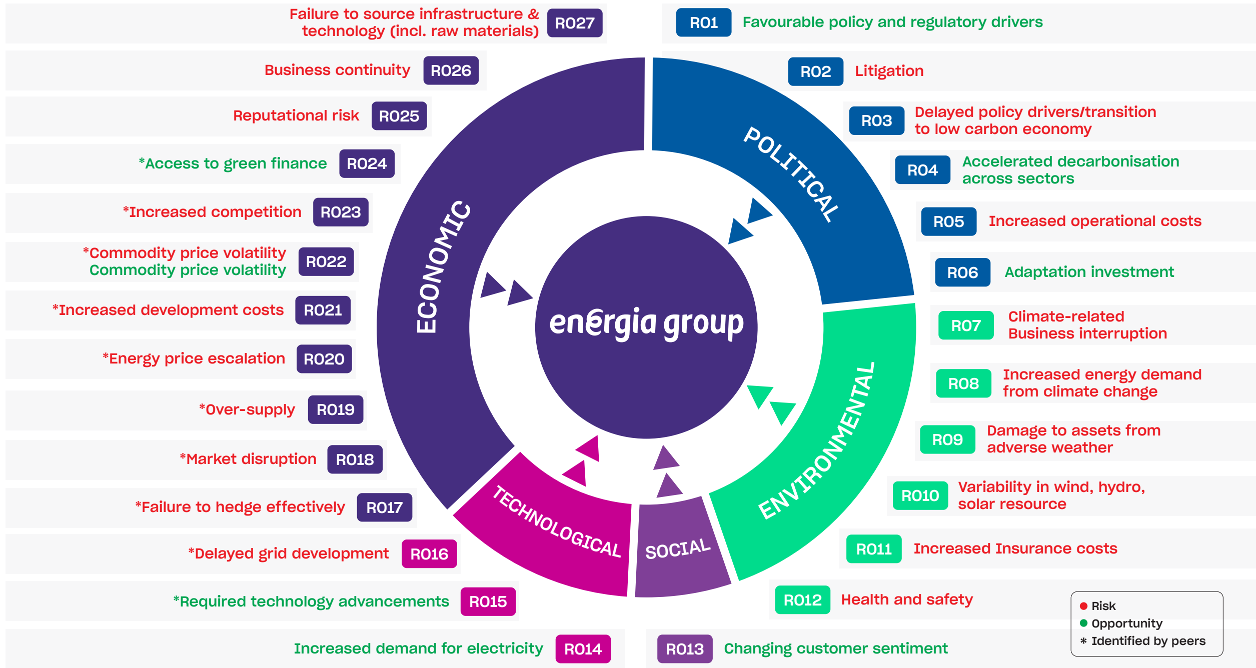
In FY22 and FY23, we conducted a series of workshops to consider the climate risks and opportunities relevant to Energia Group through a TCFD-aligned approach.

The workshops were attended by the Energia Group Management Board, senior management teams from our three business units; Renewables, Flexible Generation and Customer Solutions and relevant internal stakeholders from across the Group.

In FY24, our understanding of climate risks and opportunities was further developed through the addition of climate scenario analysis as well as aligning to the mandatory CFD for Power NI Energy Limited and more generally CSRD requirements.

As part of this process, members of Group Senior Management, Power NI, ESG, Risk & Governance and Finance teams assessed climate risks and opportunities relevant to Power NI using two plausible Intergovernmental Panel on Climate Change (IPCC) climate scenario pathways; a lower emissions pathway RCP 2.6 (below 2C) and a higher emissions pathway RCP 8.5 (4C). Both scenarios were considered over the short, medium and long-term corresponding to 2025, 2030 and 2050.

The time horizons are considered appropriate as they are aligned to our enterprise risk management approach and to our current carbon intensity reduction target, our assessment of net zero pathways, Government policy and cover the expected lifetime of the majority of our assets. The longlist of climate related risks and opportunities are provided in the risk universe diagram below.



Energia Group's Climate Related Risk Universe

A sample of the results of this assessment are provided in the summary table provided below. It should be noted that the Group are detailing their climate-related risks and opportunities in alignment with the requirements of CSRD and our DMA process whereby both impact and financial materiality will be assessed.

The Group's governance of and approach to climate-related risks and opportunities is evolving and developing in recognition of the growing significance in society and our increasing understanding of its impact on our business and our impact on climate change and the world around us.

IMPACT X LIKELIHOOD — LOW (green) · MEDIUM (blue) · HIGH (pink)

PESTEL CLASSIFICATION	DETAILS		MATERIALITY Now	MATERIALITY 2030	MATERIALITY 2050	MITIGATION / STRATEGIC RESPONSE
ENVIRONMENTAL	**Risk 8:** Increased energy demand from climate change. Both higher and lower temperatures events are associated with potential for extreme demand surges.	Lower emissions pathway **(RCP 2.6) (below 2C)**	Low	Low	Low	Ongoing review of Company hedging strategy, continued utilisation of its forecasting tools and the ongoing monitoring and recording of temperatures for forecasting purposes.
		Higher emissions pathway **(RCP 8.5) (4C)**	Low	Medium	Medium	
POLICY	**Risk 5:** Increased operational cost Regulatory changes demanding higher energy efficiency may increase costs associated with capital expenditure.	Lower emissions pathway	Low	Low	Low	Rigorous budget and business planning process with strategic investment projects monitored by the senior management team. Dedicated economic regulation and policy staff supporting on market design, energy policy and market reforms. Stakeholder engagement through industry groups and, engaging with regulators, and policy makers, banks and system operators on an ongoing basis.
		Higher emissions pathway	Low	Medium	Medium	
TECHNOLOGY	**Opportunity 14:** Increased demand for electricity. Increased uptake of EVs and heat pumps in residential buildings - more electricity demand potential to invest in and develop the network infrastructure required to roll out EVs and heat pumps and increased demand for retrofit services. *include microgen and generally customer empowerment on the transition.	Lower emissions pathway	Medium	Medium	Medium	Well placed to transition our capabilities and play a key role in the roll out of new technologies and product offerings including EV and Eco-tariffs. Grant funding available for commercial companies and Microgeneration supports in place for customers.
		Higher emissions pathway	Medium	High	High	
ECONOMIC	**Risk 17:** Failure to effectively hedge. Climate change could result in market volatility due to extreme weather conditions and changes to renewable generation, failure to effectively hedge wholesale exposure, and failure to source & maintain trading counterparties.	Lower emissions pathway	Medium	Medium	Medium	Increasing storage capacity. Diversifying geographical and technological characteristics of assets. Improve forecasting tools and improved hedging methods. Engaging with Government departments and Ministers on the potential impact of volatile and high commodity prices on both customers and the Company.
		Higher emissions pathway	Medium	Medium	Medium	

Summary of some of Energia Group's most material Climate risks and opportunities

CDP Climate Change Disclosure

In 2023, Energia Group achieved a B score in what was our second year disclosing to the CDP Climate Change Programme. We were pleased with our improvement from the B- we achieved the previous year, which demonstrates our continued commitment to climate action and the progressive decarbonisation of the energy system across the island of Ireland. Contextually, this result places the Group in the "Management" band as taking coordinated action on climate issues.

Climate Action & Biodiversity

Energia Group is playing a leading role in the energy transition through the delivery of an extensive portfolio of renewable energy projects, the responsible management of transition assets and our commitment to the protection and enhancement of biodiversity.

Our Climate Action Targets

At Energia Group, we are committed to playing our part in powering the energy transition on the island of Ireland through our Renewables, Flexible Generation and Customer Solutions businesses. We have set a near-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 gC02 /kWh in FY20 to 165 gC02 /kWh in 2030. The achievement of this target is an important input to the assessment of credible pathways towards a longer term Net Zero target. 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 wider system conditions and requirements in 2030. This target is accompanied by our ambition to increase threefold the amount of onshore renewable electricity we generate through the development of our significant onshore wind and solar portfolios by 2030.

SCOPE	ACTIVITY	FY20	FY21	FY22	FY23	FY24
		TCO_2E	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	1,270,849
	Company Vehicles	79	75	69	99	160
	F-Gas					112
Scope 2	*Energy Use	287	23	39	46	50
	Total Scope 1 + 2	**1,181,429**	**1,196,260**	**1,049,601**	**1,607,786**	**1,271,170**
Scope 3						
Cat 11	Use of Sold Product	567,106	553,477	540,440	479,493	389,807
Cat 6	Business Travel	156	23	44	145	246
Cat 5	Waste		0.3	0.1	26.6	39
Cat 7	**Employee Commute	1,272			593	622
Cat 17	Homeworking				314	373
Cat 1	Purchased Goods & Services					13,192
Cat 3	Fuel and Energy (well to tank, sold electricity and scope 2 electricity and gas used in offices)					1,841,334
	Total	**1,749,963**	**1,749,761**	**1,590,085**	**2,088,359**	**3,517,503**
	Key Climate Metrics					
	Carbon Intensity of Generation gCo2/kWh	332	330	330	346	346
	Renewable Generation GWh	672	691	644	695	646

*Market rate used for scope 2 electricity
**Baseline year FY20 total amended to include employee commute
**Waste before FY24 only waste to landfill was calculated as part of the emissions calculation
**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

Data capture and analysis are central to effective climate action and decarbonisation. The energy sector must have the capability to accurately identify, measure and quantify greenhouse gas emissions across Scope 1, 2 and 3.

This is crucial for enabling the planning and implementation of decarbonisation strategies. Over the past number of years, Energia Group has been on a journey to fully understand our emissions profile, both from within our organisational boundaries and across our value chain. We recognise the importance of accurately accounting for these emissions and being transparent with all stakeholders as we refine this ongoing process.

Scope 1:

The Group's Scope 1 emissions are the Greenhouse Gas (GHG) emissions directly attributable to the activities of our organisation. The vast majority of the Group's Scope 1 emissions are from gas fired electricity generation at Huntstown. The Huntstown power station operates within the EU Emissions Trading Scheme and the carbon emissions from the site are independently verified by a third-party. The reduction in Scope 1 emissions in FY24 reflects a reduction in operating hours which the Huntstown plants were required to run.

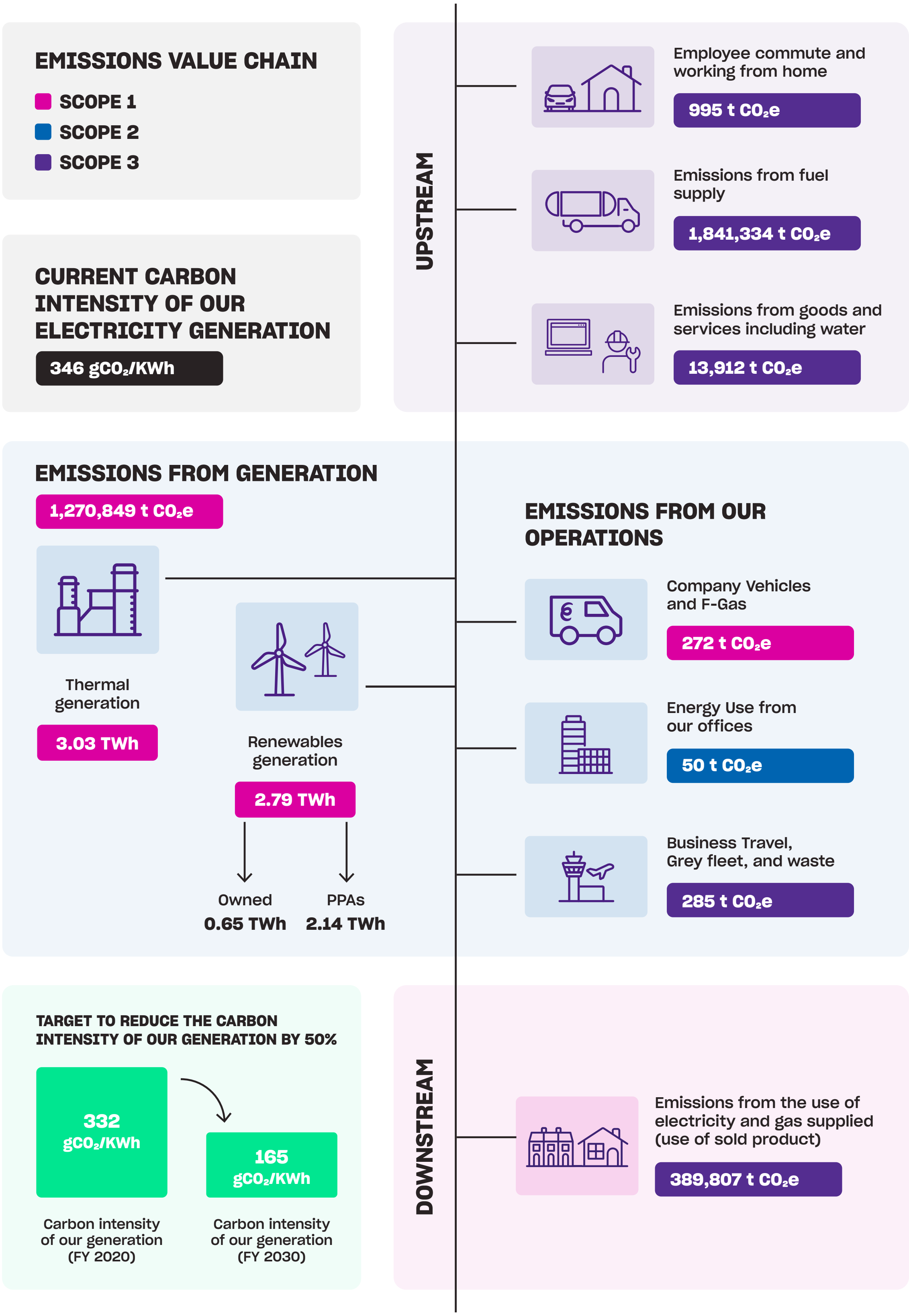
Scope 2:

The Group's Scope 2 emissions are calculated in accordance with the market-based approach in the GHG Protocol. These emissions are primarily associated with the use of energy to heat our office buildings. Initial reductions in our Scope 2 emissions were achieved through the transition to green electricity tariffs and these have remained relatively stable in recent years with movements primarily reflecting changes in working habits brought about by the Covid-19 pandemic and increases in employee numbers.

Scope 3:

In FY24, Energia Group expanded our analysis of our Scope 3 emissions using the GHG Protocol as a guiding framework. In this year's reporting, we have added a number of Scope 3 categories including Category 1 – Purchased Goods and Services, Category 3 – Fuel and Energy, Category 5 – Waste Generated in Operations, and Category 11 – Use of Sold Products. The extensive Scope 3 screening project was carried out to enhance our understanding of these emissions, and has led to an expansion of our reportable emissions. Scope 3 emissions are outside of the Group's operational control, and achieving a reduction in them will require further engagement with key stakeholders along the entire value chain. The Group's Scope 3 reporting is expected to continue to evolve in the coming years as we remain committed to ensuring we develop a complete profile of our emissions.

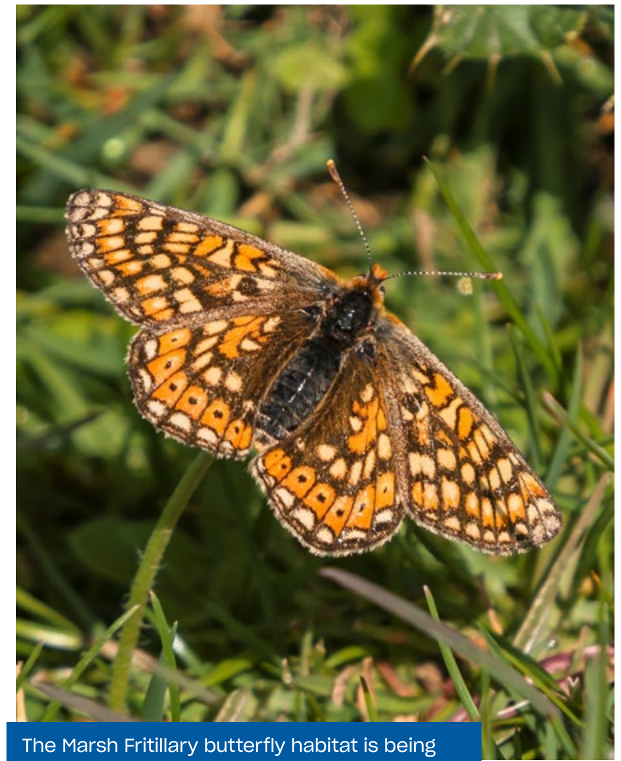
Energia Group's Emissions Profile



Biodiversity at Energia Group

At Energia Group, we believe that biodiversity preservation and the responsible use of natural capital are, in addition to essential ethical responsibilities, necessary conditions to achieve global sustainability and the preservation of the Irish landscape. Consequently, protecting our environment and the biodiversity that surrounds our operations is an important consideration for how we build and operate our renewable energy infrastructure.

To support a greater awareness and understanding of the importance of biodiversity and nature, we have incorporated a new module into our sustainability training programme, Biodiversity @ Energia Group, where our employees can learn about the subject including our efforts as a responsible business to protect and enhance biodiversity.



The Marsh Fritillary butterfly habitat is being protected at our Teiges wind farm.

In 2023, we became official business supporters of the All-Ireland Pollinator Plan. In addition, we are taking numerous actions to protect pollinators by maintaining and improving their habitats at a number of our sites.

These actions include Habitat Management and Enhancement Plans that are in place at our wind farms to protect and enhance the existing habitats. Some of the key actions carried out through these plans include rewetting areas of peatland, which act like carbon sinks and play an important role in helping to mitigate climate change, planting native hedgerows, helping wildlife travel safely through the sites, or installing bird boxes.

Additionally, at our Teiges windfarm in Co Fermanagh, we ringfenced an area to protect the habitat necessary for the breeding of the Marsh Fritillary butterfly, Ireland's only legally protected insect, which is also protected in Northern Ireland and listed as "vulnerable to extinction" within the International Union for Conservation of Nature (IUCN) Red List. In FY24, a survey carried out at the site found the highest count of larval webs of this species in the five years this metric has been measured as part of a wider monitoring scheme of population status. More information on our Biodiversity actions is available in our Responsible Business Report.

Empowering our Customers

We are helping our customers with their energy transition.

Energia Group is committed to a future where our customers have access to affordable clean energy with a security of supply.

Empowering our customers on their energy transition journey

As one of Ireland's leading power companies, Energia Group has a significant role to play in the decarbonisation of Ireland's energy system, both directly through a focus on developing renewable energy infrastructure and indirectly through enabling our customers to transition to sustainable energy consumption.

We align our activities to the UN SDGs, 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 in providing services and assistance to make industries more energy and resource efficient (Target 9.4). Through ongoing communication and engagement with our customers, we also support and pursue the goals of SDG 13: Climate Action, in relation to 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.

Empowering our People

Our people are central to our corporate sustainability.

Energia Group strives to create a workplace where employees feel empowered to give their best and feel a sense of achievement and belonging.

Our People Strategy

Empowering our People is one of Energia Group's five sustainability objectives, where we are committed to providing a safe, healthy and inclusive work environment for our employees who are core to our success.

Our People strategy reflects our values of Trustworthy, Dynamic, Resourceful and Community Focused, which commit us to supporting the wellbeing and prosperity of our employees, customers and communities.

We understand the importance our employees and stakeholders place on responsible business practices and sustainability, and the role it plays in talent attraction and retention. We nurture a workplace culture that emphasises inclusion so every employee feels like they belong and contribute to our success. We believe our people are core to our success.

Our activities in the first instance are strongly aligned to SDG 8: Decent Work and Economic Growth, which promotes inclusive and sustainable economic growth, and productive employment with decent working conditions and opportunities.

We also closely adhere to SDG 5: Gender Equality with a focus to achieve gender equality and empower all women and girls in the workplace. Through a continued focus on health and safety and wider labour rights (Target 8.8) and policies for our operation and procurement that protect workers (Target 8.7), we provide for safe and decent work.

A significant amount of the Group's activity in this area is also focused on ensuring an inclusive approach across all activities (Target 8.5) and utilising new services and technology to promote higher levels of economic activity (Target 8.2).

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

At 31 March 2024, we employed 1,114 talented employees working across the Group with 217 employees based in RoI and 897 based in Northern Ireland. A total of 156 new employees, of which 67 were female, joined the Group in the last year.

The Energia Group Management Board comprises 13 senior management, of which five are female. Our overall team ratio is 45% female and 55% male, with 45% of all managers being female.

Energia Group's employee numbers

AT 31 MARCH	2024		2023	
	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	5	8	4
Other Employees	605	496	595	483

[1] Directors appointed to the Board of the Company are not employed by the Group and are not included in the employee num bers 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

Gender Pay Gap

At Energia Group, we foster an environment in which our employees feel valued and where we seek greater equality in pay including reducing our Gender Pay Gap (GPG). In FY24, we published our first gender pay gap report based on the RoI GPG methodology on a snapshot date of 30 June 2023. The results of our gender pay report saw a median pay gap of 14%. The Group's voluntary disclosure using the UK GPG method in the previous year showed a median pay gap of 18.8%.

The Group recognises that much work still needs to be done to reduce the pay gap. Our robust action plan includes a continued development of programmes and partnerships support greater female employee participation and engagement. Examples include our Women in Energy network, Allyship@Work Strategy, Riley partnership and women's health policies where we have made progressive changes to our recruitment practices to attract more female applicants.

In addition, we have partnered with Back to Work Connect to support employees returning to work or changing careers. In addition to displaying the Returner Friendly Employer logo, we have also used Happy to Talk Flexible Working. In FY24, 67% of new management positions were filled by females while we have 39% female representation in our High Potential Programme.

During the year, the Group won the Women in STEM, Recruitment Campaign of the Year Award, for our "Energy Moves Us" campaign at the 2023 Women in STEM awards.

In Energia Group we pride ourselves on supporting women in the workplace and by creating an inclusive culture where women can thrive. Our women's health policies, Pregnancy Loss and Fertility Treatment and a Managers guidance document to support women through the menopause continue to form part of the company's broader strategy of supporting all employees through every life stage and fostering a culture of inclusion. As part of our Employee Value Proposition, Energised for Better, this year we have increased our enhanced maternity and paternity pay.

Community

Energia Group invests in green energy and jobs, looking after people in need, and empowering clubs and teams across Ireland. We are committed to making a positive impact in the communities in which we serve.

Supporting Communities

A key sustainability objective of Energia Group is to support the communities in which we operate, making a meaningful contribution that adds both economic and social value and which remains aligned to our core value of being Community Focused.

Over many years, we have established a credible track record in collaborating closely and working in true partnership with a range of community groups, charities, sports clubs, educational bodies and local projects to deliver that social value.

We approach our work in the community through the recognised framework of the UN SDGs including SDG11: Sustainable Cities and Communities and SDG 13: Climate Action.

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). Each collaboration is viewed through the lens of the relevant SDG and how Energia Group can best support the development of sustainable communities on the island of Ireland.

For further information on our collaborations with communities, both around our renewable projects and through broader initiatives the Group has developed to support communities such as our Greener Possibilities initiative please see our Responsible Business Report.

These initiatives include education and awareness, charitable giving, volunteering and sponsorship and all are designed to deliver impact and promote the energy transition. We seek to empower the people who deliver these positive initiatives and essential services in communities across Ireland.

For further information on our community activities please see Energia Group's Responsible Business Report FY24.

Management Team, Ownership and Directorship

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[2]

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.

Louise Patterson
Chief Financial Officer Designate

Louise was appointed Vice Chief Financial Officer in 2023 and Chief Financial Officer Designate in 2024. She joined the Group in 2005 and qualified as a Chartered Management Accountant in 2007 and has held a number of senior roles within the Group including Energia Finance Director from 2018 to 2022.

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.

Garrett Donnellan
Chief Development Officer

Garrett was appointed Chief Development Officer in May 2024 having been Managing Director, Corporate Development 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.

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.

[2] It is intended that Siobhan Bailey will leave the Group by the end of FY25. Louise Patterson has been appointed Chief Financial Officer Designate and will transition into her new role during FY25.

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.

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.

Catherine Gardiner
Chief Operating Officer, Customer Solutions & Technology

Catherine was appointed Chief Operating Officer, Customer Solutions & Technology in 2023 assuming operational responsibility for the Power NI and Energia Customer Solutions businesses.

Prior to this, Catherine was Chief Information Officer from 2011 with responsibility for technology, data and digital across the Energia Group from a strategy, delivery and run perspective. Catherine has held several other management positions, including Head of Operations for Energia, within the Group since joining in 2000.

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.

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 a leading independent global infrastructure investment manager with over $38 billion in assets under management focused on investing in North America, Europe, Asia, and Latin America. Headquartered in Miami, the firm has more than 260 professionals across its offices in London, Munich, New Delhi, São Paulo, Singapore, Sydney and Taipei. I Squared Capital has invested in a diverse portfolio of 82 companies with over 66,000 employees in 71 countries 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 Director of the Company who held office during the year was Patrick Finan. Patrick is a representative of I Squared Capital and his background and experience is summarised as follows:

Patrick Finan

Patrick Finan has almost twenty years' experience in the finance industry. He joined I Squared Capital in 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 4 to 92 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

5 June 2024

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 Auditor's Report

To the Director of Energia Group Limited

Opinion

We have audited the financial statements of Energia Group Limited ("the Group") for the year ended 31 March 2024 which comprise 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 34, including a summary of material accounting policy information. 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 2024 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 93, 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.

Auditor's 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 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. Furthermore, we performed the following procedures in response to the general presumed risk of management override: review of board meeting minutes, review of audit committee meeting minutes, review of correspondence from Regulatory bodies, discussion with key management personnel including legal counsel, review of significant and material related party transactions and review of unusual or significant transactions which included the refinancing, acquisitions and joint arrangement entered into in the current financial year.

- Based on this understanding we designed our audit procedures to identify noncompliance 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 2 February 2024. 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
Date: 6 June 2024

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated income statement

for the year ended 31 March 2024

	Notes	Results before exceptional items and certain remeasure ments 2024 €m	Exceptional items and certain remeasure ments (note 7) 2024 €m	Total 2024 €m	Results before exceptional items and certain remeasure-ments 2023 €m	Exceptional items and certain remeasure-ments (note 7) 2023 €m	Total 2023 €m
Revenue	4	3,254.6	-	3,254.6	4,568.3	-	4,568.3
Other income[1]		12.4	-	12.4	135.3	-	135.3
Operating (costs) / income	6	(3,070.3)	18.6	(3,051.7)	(4,349.2)	7.3	(4,341.9)
Operating profit	4	**196.7**	**18.6**	**215.3**	**354.4**	**7.3**	**361.7**
Finance (costs) / income	10	(63.3)	(3.1)	(66.4)	(43.8)	2.3	(41.5)
Finance income	10	16.4	-	16.4	4.3	-	4.3
Net finance (costs) / income		(46.9)	(3.1)	(50.0)	(39.5)	2.3	(37.2)
Share of joint venture loss, net of tax	16	(0.5)	-	(0.5)	-	-	-
Profit before tax		**149.3**	**15.5**	**164.8**	**314.9**	**9.6**	**324.5**
Taxation	11	(19.8)	(3.6)	(23.4)	(53.0)	(2.1)	(55.1)
Profit for the year		**129.5**	**11.9**	**141.4**	**261.9**	**7.5**	**269.4**

[1] Other income relates to UK government's Energy Price Guarantee scheme, which ceased on 30 June 2023

Consolidated statement of other comprehensive income

for the year ended 31 March 2024

	Notes	2024 €m	2023 €m
Profit for the year		**141.4**	**269.4**
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		22.9	(49.7)
Net gain / (loss) on cash flow hedges		49.5	(660.7)
Gain on cash flow hedges transferred from equity to income statement	26	(65.0)	(160.5)
Income tax effect		0.7	127.7
		(14.8)	**(693.5)**
		8.1	**(743.2)**
Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit scheme	24	(3.7)	(4.1)
Income tax effect		0.9	1.0
		(2.8)	**(3.1)**
Other comprehensive income / (expense) for the year, net of taxation		**5.3**	**(746.3)**
Total comprehensive income / (expense) for the year		**146.7**	**(476.9)**

Consolidated balance sheet

as at 31 March 2024

Assets	Notes	31 March 2024 €m	31 March 2023 €m
Non-current assets			
Property, plant and equipment	12	678.0	654.1
Intangible assets	13	688.7	648.3
Right-of-use assets	30	56.3	29.5
Investment in joint venture	16	16.5	-
Derivative financial instruments	26	18.0	32.9
Trade and other receivables	19	4.3	-
Net employee defined benefit asset	24	0.3	2.3
Deferred tax assets	11	48.2	41.7
		1,510.3	**1,408.8**
Current assets			
Intangible assets	13	95.2	101.6
Inventories		9.5	4.3
Trade and other receivables	19	305.7	384.0
Derivative financial instruments	26	19.4	70.6
Other current financial assets	18	20.4	57.0
Cash and cash equivalents	20	404.2	625.6
		854.4	**1,243.1**
Total assets		**2,364.7**	**2,651.9**

Consolidated balance sheet

as at 31 March 2024

Liabilities	Notes	31 March 2024 €m	31 March 2023 €m
Current liabilities			
Trade and other payables	21	(552.1)	(683.6)
Income tax payable		(13.3)	(1.1)
Financial liabilities	22	(46.1)	(111.9)
Deferred income	23	(10.3)	(1.7)
Derivative financial instruments	26	(98.7)	(168.9)
		(720.5)	(967.2)
Non-current liabilities			
Financial liabilities	22	(888.1)	(901.0)
Derivative financial instruments	26	(3.7)	(1.8)
Deferred income	23	(20.7)	(8.2)
Deferred tax liabilities	11	(64.9)	(57.1)
Provisions	25	(28.4)	(24.9)
		(1,005.8)	**(993.0)**
Total liabilities		**(1,726.3)**	**(1,960.2)**
Net assets		**638.4**	**691.7**
Equity			
Share capital	27	-	-
Share premium		630.3	750.6
Retained earnings		79.1	15.7
Capital contribution reserve		-	2.7
Hedge reserve		(46.5)	(29.9)
Foreign currency translation reserve		(24.5)	(47.4)
Total equity		**638.4**	**691.7**

The financial statements were approved by the Board and authorised for issue on 5 June 2024. They were signed on its behalf by:

Patrick Finan - Director
Date: 5 June 2024

Consolidated statement of changes in equity

for the year ended 31 March 2024

	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 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	27	-	-	(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**
Exchange adjustment		-	21.9	(20.1)	-	(1.8)	-	-
Profit for the year		-	-	141.4	-	-	-	141.4
Other comprehensive (expense) / income	27	-	-	(2.8)	-	(14.8)	22.9	5.3
Total comprehensive income / (expense)		-	21.9	118.5	-	(16.6)	22.9	146.7
Dividend paid	32	-	(142.2)	(55.1)	(2.7)	-	-	(200.0)
At 31 March 2024		**-**	**630.3**	**79.1**	**-**	**(46.5)**	**(24.5)**	**638.4**

Consolidated statement of cash flows

for the year ended 31 March 2024

	Notes	2024 €m	2023 €m
Cash generated from operations before working capital movements	28	260.3	414.1
Working capital adjustments			
(Increase) / decrease in inventories		(5.2)	0.4
Decrease in trade and other receivables		84.0	57.5
Decrease / (increase) in security deposits		37.1	(15.0)
Decrease in trade and other payables		(135.0)	(41.3)
(Decrease) / increase in EBSS creditor due to movement in restricted cash*	20	(5.8)	5.7
Effects of foreign exchange		(0.7)	2.0
		234.7	**423.4**
Interest received		16.3	3.9
Interest paid		(51.3)	(40.0)
		(35.0)	**(36.1)**
Income tax paid		(8.3)	(44.3)
Net cash flows from operating activities		**191.4**	**343.0**

Consolidated Statement of Cash Flows (contd.)

for the year ended 31 March 2024

	Notes	2024 €m	2023 €m
Investing activities			
Purchase of property, plant and equipment		(92.4)	(92.4)
Proceeds from sale of property, plant and equipment		2.0	-
Purchase of intangible assets		(268.1)	(252.8)
Proceeds from sale of intangible assets		266.2	218.0
Disposal of subsidiary, net of cash disposed		(0.2)	-
Acquisition of subsidiary	15	(21.9)	-
Amounts paid by joint venture partner		12.4	-
Investment in joint venture		(6.0)	-
Receipt of government grants	23	0.6	0.7
Receipt of other deferred income	23	21.4	6.9
Net cash flows used in investing activities		**(86.0)**	**(119.6)**
Financing activities			
Proceeds from issue of borrowings	29	600.0	81.0
Repayment of borrowings	29	(717.6)	(82.4)
Dividend paid to parent undertaking	32	(200.0)	-
Issue costs on new long-term loans		(11.4)	-
Exceptional finance costs		(6.6)	-
Payment of principal portion of lease liabilities	30	(4.5)	(3.2)
Net cash flows used in financing activities		**(340.1)**	**(4.6)**
Net (decrease) / increase in cash and cash equivalents		**(234.7)**	**218.8**
Net foreign exchange difference		13.3	(14.1)
Cash and cash equivalents at 1 April	20	625.6	420.9
Cash and cash equivalents at 31 March*	20	**404.2**	**625.6**

*Cash and cash equivalents in previous periods included restricted cash received from the UK government in relation to administration of the EBSS. The scheme ceased in June 2023 and remaining cash was repaid in October 2023 upon completion of the government audit.

Notes to the Consolidated Financial Statements

1. Corporate Information

The consolidated financial statements of Energia Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Director on 5 June 2024. 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 – 10.

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 2024.

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 of fuel prices (applying forward curves for commodities); and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

Sensitivity analysis was undertaken in relation to the key assumptions to reflect the impact of 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 2024. 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

2.2 Basis of consolidation (contd.)

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. Material accounting policy information

(a) New and amended standards and interpretations

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

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The impact of the amendments on the Group's consolidated financial statements is a €5.7m increase in deferred tax assets and a corresponding €5.7m increase in deferred tax liabilities.

At the beginning of the earliest comparative period the impact of the amendments on the Group's consolidated financial statement would have been a €1.9m increase in deferred tax assets and a corresponding increase in deferred tax liabilities.

There is a net NIL impact to retained earnings as a result of these changes.

3. Material accounting policy information (contd.)

(a) New and amended standards and interpretations (contd.)

International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD BEPS Pillar Two rules and include:·

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The Group is within the scope of the OECD15% minimum effective tax rate Model Rules (Pillar Two) which have been enacted into legislation as part of the UK Finance (No.2) Act 2023 in July 2023, and the Irish Finance (No.2) Act 2023, and Luxembourg Bill of Law No. 8292 in December 2023.

The Pillar Two rules are effective for financial periods beginning on or after 31 December 2023, in Energia Group's case the financial period ending 31 March 2025. Since the Pillar 2 legislation was not effective in respect of periods beginning before 1 January 2024, the Group has no related current tax exposure for the current year.

Under the legislation, the Group will be liable to pay a top-up tax for the difference between its effective tax rate per jurisdiction, as computed under the new Rules, and the 15% minimum rate, subject to certain exemptions and conditions. The Group currently estimates that there could be top-up tax payable in respect to non-UK companies. If the legislation were in place for the current year, the increase in the Group's effective tax rate would have been circa 1-2%, primarily due to profits arising in Ireland where the statutory tax rate is 12.5%.

The Group applies the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

In the year, the Group also adopted the amendments to:

- IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' in relation to disclosure of accounting policies; and
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' in relation to the definition of accounting estimates.

3. Material accounting policy information (contd.)

(a) New and amended standards and interpretations (contd.)

Adoption of these other amendments had no material impact on the Group's consolidated financial statements. There were no other standards, amendments to standards or interpretations relevant to the Group's operations which were adopted during the year.

(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) Accounting for joint arrangements

Joint venture undertakings (joint ventures) are those undertakings over which the Group exercises contractual control jointly with another party, whereby the Group has rights to net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Joint ventures are accounted for using the equity method of accounting. Under the equity method, the Group's share of the profits or losses after tax of joint ventures

3. Material accounting policy information (contd.)

(c) Accounting for joint arrangements (contd.)

is included in the consolidated income statement after interest and financing charges. The Group's share of items of other comprehensive income is shown in the statement of comprehensive income.

The Group's interests in the net assets are included as investments in joint ventures on the face of the consolidated balance sheet at an amount representing the Group's share of the fair values of the net assets at acquisition plus goodwill, acquisition costs, the Group's share of post-acquisition retained income and expenses less any impairment charge. Net liabilities are only recognised to the extent that it has incurred legal or constructive obligations or made payments on behalf of joint ventures.

(d) Fair value measurement

The Group measures certain 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.

3. Material accounting policy information (contd.)

(d) Fair value measurement (contd.)

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.

(e) 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.

Renewables

The key revenue streams derived from the Renewable 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

The key revenue streams received by the Flexible Generation businesses Huntstown and PPB (ceased 23 September 2023) include capacity and electricity revenues. 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.

The Group also owns and operates a 50MW emergency gas generation plant at the Huntstown site which was commissioned in February 2024. Revenue in relation to this emergency generation project is recognised in accordance with IFRS 15 with development fees recognised

3. Material accounting policy information (contd.)

(e) Revenue from contracts with customers (contd.)

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 (EPG)

The EPG introduced in NI in November 2022 ceased on 30 June 2023 (the scheme protected domestic customers in NI from high energy costs by applying a discount to the unit rate of electricity charged and income received from the government was recognised as other income within the profit and loss account).

Energy Bills Support Scheme (EBSS)

Acting on behalf of the UK Government, Power NI administered delivery of the support payments to its residential electricity customers. Cash received from the government in relation to the scheme was held in a restricted bank account and was not freely available in the normal course of business. The scheme ceased in June 2023 and remaining cash has been repaid to the UK Government in October 2023 upon completion of the government audit.

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 per MWh for wind and solar generators to apply from 1 December 2022 – 30 June 2023 and The Energy (Windfall Gains in the Energy Sector) (Cap on Market Revenues) Act 2023 (The Act) was enacted into Irish law on 15 November 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. Each participant was required to submit an assessment using published CRU guidelines to CRU by 31 December 2023. Energia Customer Solutions settled the submitted surplus revenues in January 2024.

3. Material accounting policy information (contd.)

(e) Revenue from contracts with customers (contd.)

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.

(f) 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.

3. Material accounting policy information (contd.)

(f) Taxation (contd.)

The Group has applied the mandatory exception under IAS 12 in relation to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

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.

(g) 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.

3. Material accounting policy information (contd.)

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

(h) Intangible assets

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

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

Emissions allowances, renewable and energy efficiency obligations

The Group recognises purchased CO_2 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

3. Material accounting policy information (contd.)

(h) Intangible assets (contd.)

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.

(i) 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

3. Material accounting policy information (contd.)

(i) Leases (contd.)

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 3 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.

3. Material accounting policy information (contd.)

(j) 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

3. Material accounting policy information (contd.)

(j) Financial instruments - initial recognition and subsequent measurement (contd.)

- 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).

3. Material accounting policy information (contd.)

(j) Financial instruments - initial recognition and subsequent measurement (contd.)

For trade receivables and contract assets, the Group applied a simplified approach in calculating ECLs.

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

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

Interest income

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

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, contingent consideration and derivative financial instruments.

Subsequent measurement

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

Contingent consideration

After initial recognition, contingent consideration is carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

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.

3. Material accounting policy information (contd.)

(j) Financial instruments - initial recognition and subsequent measurement (contd.)

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.

(k) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, contracts for differences and forward commodity contracts, to hedge its foreign currency risks, interest rate risks, electricity price risk and other commodity price risks, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IFRS 9 are recognised in the income statement as operating costs. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

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

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

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with

3. Material accounting policy information (contd.)

(k) Derivative financial instruments and hedge accounting (contd.)

  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.

3. Material accounting policy information (contd.)

(k) Derivative financial instruments and hedge accounting (contd.)

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.

(l) 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.

3. Material accounting policy information (contd.)

(l) Impairment of non-financial assets (contd.)

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.

(m) 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.

(n) 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.

(o) 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

3. Material accounting policy information (contd.)

(o) Exceptional items and certain remeasurements (contd.)

aid understanding of the underlying performance of the Group.Certain remeasurements arising from IFRS 9 are disclosed separately to aid understanding of the underlying performance of the Group.

(p) 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.

3. Material accounting policy information (contd.)

(p) Pensions and other post-employment benefits (contd.)

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.

(q) Inventories

Inventories are valued at the lower of average purchase price and net realisable value.

(r) 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.

(s) 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.

3. Material accounting policy information (contd.)

(s) Foreign currency translation (contd.)

The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

(t) Share-based payments

Employees (senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 33.

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.

3. Material accounting policy information (contd.)

(u) Government grants

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.

(v) 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.

(w) 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.

3. Material accounting policy information (contd.)

(w) Significant accounting judgements, estimates and assumptions (contd.)

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 includes 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 commodity prices, inflation and interest rates that may impact the Group customers' ability to pay. At 31 March 2024 the level of unbilled revenue not recognised was €22.8m (2023 - €37.6m). 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 €1.3m. 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 or previous impairments have been reversed. 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 notes 12 and 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

3. Material accounting policy information (contd.)

(w) Significant accounting judgements, estimates and assumptions (contd.)

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 24.

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 energy costs, higher inflation and interest rate increases impacting the Group's 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 19.

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 2024 the Market Operator has resettled these markets up to 25 November 2023 for M+4 resettlement and 25 February 2023 for M+13 resettlement in line with the expected market resettlement timetable of 4 months and 13 months after initial settlement. The market had one system fix released over the last year and whilst this fix has resolved some defects and led to an improvement in general settlement there still remains further market fixes before the market settlement solution

3. Material accounting policy information (contd.)

(w) Significant accounting judgements, estimates and assumptions (contd.)

can be considered fully aligned to the market code requirements, with a number of additional resettlements to occur ranging across the full 66-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.1.4% from October 2018 (2023 – c.1.6% 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 €4.6m.

(x) 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.

3. Material accounting policy information (contd.)

(x) Standards issued but not yet effective (contd.)

Amendments to IAS 21: Lack of Exchangeability

On 15 August 2023, the International Accounting Standards Board (the IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) (the amendments).

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025.

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

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

On 25 May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments were initiated as a result of the December 2020 agenda decision (the AD) by the IFRS Interpretations Committee (the IFRS IC or Committee), addressing the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. As a result, supplier finance arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the original payment due dates.

Different terms are used to describe these arrangements, such as supply chain finance, payables finance and reverse factoring arrangements. Arrangements that are solely credit enhancements for the entity, for example, financial guarantees including letters of credit used as guarantees, are not supplier finance arrangements. Similarly, instruments used to settle the amounts owed directly with a supplier, for example, credit cards, are not supplier finance arrangements.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

3. Material accounting policy information (contd.)

(x) Standards issued but not yet effective (contd.)

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

IFRS 18 Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements (IAS 1).

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted.

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

4. Segment 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 1,224MW of renewable generation capacity throughout Ireland.

(ii) Flexible Generation

Consists of electricity generation from the Group's two Huntstown CCGT plants together with the operation of a 50MW battery storage facility in Belfast and an emergency gas generation plant at the Huntstown campus. The Flexible Generation business is also progressing the development of a proposed data centre at its Huntstown site in Dublin. Up to 23 September 2023, the Flexible Generation business was responsible for the administration of the contracted generation capacity from the Ballylumford power station in NI under legacy generating unit agreements which were originally established in 1992 when the NI electricity industry was restructured (this contract ceased on 23 September 2023).

(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.

4. Segment analysis (contd.)

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 (under) / over - recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under) / over - recovered against their regulated entitlement). The Board also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	2024 €m	2023 €m
Renewables	362.5	427.2
Flexible Generation	628.7	1,769.7
Customer Solutions	2,379.5	2,345.2
Inter-group eliminations	(8.2)	(123.6)
Group segment revenue	**3,362.5**	**4,418.5**
Adjustment for (under) / over – recovery		
Flexible Generation	(6.3)	50.1
Customer Solutions	(101.6)	99.7
Total adjustment for (under) / over – recovery	**(107.9)**	**149.8**
Total revenue	**3,254.6**	**4,568.3**

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

4. Segment analysis (contd.)

(b) Operating profit

	2024 €m	2023 €m
Segment pro-forma EBITDA		
Renewables	111.9	224.5
Flexible Generation	55.9	204.7
Customer Solutions	207.1	(162.1)
Group pro-forma EBITDA	**374.9**	**267.1**
Adjustment for (under) / over - recovery	(107.9)	149.8
Group EBITDA	**267.0**	**416.9**
Depreciation / amortisation		
Renewables	(29.8)	(30.5)
Flexible Generation	(24.4)	(15.7)
Customer Solutions	(16.1)	(16.3)
Group depreciation and amortisation	**(70.3)**	**(62.5)**
Operating profit pre-exceptional items and certain remeasurements		
Renewables	82.1	194.0
Flexible Generation	31.5	189.0
Customer Solutions	191.0	(178.4)
Group pro-forma operating profit	**304.6**	**204.6**
Adjustment for (under) / over - recovery	(107.9)	149.8
Operating profit pre-exceptional items and certain remeasurements	196.7	354.4
Exceptional items and certain remeasurements		
Renewables	(1.2)	(4.3)
Flexible Generation	-	47.0
Customer Solutions	19.8	(35.4)
Group operating profit post-exceptional items and certain remeasurements	**215.3**	**361.7**
Finance cost	(66.4)	(41.5)
Finance income	16.4	4.3
	(50.0)	**(37.2)**
Share of joint venture loss, net of tax	(0.5)	-
Profit on ordinary activities before tax	**164.8**	**324.5**

4. Segment analysis (contd.)

(c) Capital Expenditure

Capital additions to property, plant and equipment	2024 €m	2023 €m
Renewables	61.3	42.2
Flexible Generation	22.5	55.1
Customer Solutions	5.4	0.7
Total	**89.2**	**98.0**

Capital additions to intangible assets	2024 €m	2023 €m
Renewables	159.4	154.0
Flexible Generation	90.1	87.1
Customer Solutions	22.6	13.0
Total	**272.1**	**254.1**

Capital additions to right-of-use assets	2024 €m	2023 €m
Renewables	1.3	4.6
Flexible Generation	26.8	-
Customer Solutions	0.8	1.0
Total	**28.9**	**5.6**

(d) Geographical Information

Non-current operating assets	2024 €m	2023 €m
UK	465.1	459.5
RoI	974.4	872.4
Total	**1,439.5**	**1,331.9**

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

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 2024:

2024	Renewables €m	Flexible Generation €m	Customer Solutions €m	Total €m
Type of goods or service				
Supply of electricity and gas	-	-	2,371.6	2,371.6
Electricity generation	357.7	619.4	-	977.1
Other	4.8	9.3	7.9	22.0
Inter-group eliminations	(0.4)	-	(7.8)	(8.2)
Group	**362.1**	**628.7**	**2,371.7**	**3,362.5**
Adjustment for under - recovery	-	(6.3)	(101.6)	(107.9)
Total revenue from contracts with customers	**362.1**	**622.4**	**2,270.1**	**3,254.6**

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 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**

5.1 Disaggregated revenue information (contd.)

Geographical markets	2024 €m	2023 €m
UK	1,253.6	1,696.8
RoI	2,001.0	2,871.5
Total revenue from contracts with customers	**3,254.6**	**4,568.3**
Timing of revenue recognition		
Transferred over time	3,043.2	4,409.9
Transferred at a point in time	211.4	158.4
Total revenue from contracts with customers	**3,254.6**	**4,568.3**

Trade receivables arising from contracts with customers are disclosed in note 19.

6. Operating costs

	2024 €m	2023 €m
Operating costs are analysed as follows		
Energy costs	2,808.6	4,113.9
Employee costs	68.6	62.4
Depreciation and amortisation	70.3	62.5
Other operating charges	122.8	110.4
Total pre-exceptional items and certain remeasurements	**3,070.3**	**4,349.2**
Exceptional items and certain remeasurments (see note 7)		
Energy (income) / costs	(19.8)	30.6
Depreciation, amortisation and impairment	-	(34.5)
Acquisition and disposal costs	2.7	1.6
Other operating income	(1.5)	(5.0)
Total exceptional income and certain remeasurements	**(18.6)**	**(7.3)**
Total operating costs	**3,051.7**	**4,341.9**

6.1 Depreciation, amortisation and impairment

	2024 €m	2023 €m
Depreciation	51.1	44.1
Amortisation of intangible assets	16.3	16.3
Amortisation of right-of-use assets	2.9	2.1
Pre-exceptional items	70.3	62.5
Impairment of fixed assets	-	(34.5)
Post-exceptional items	**70.3**	**28.0**

7. Exceptional items and certain remeasurements

	2024 €m	2023 €m
Exceptional items in arriving at profit from continuing operations		
Release of contingent consideration[1]	1.5	5.0
Acquisition and disposal costs[2]	(2.7)	(1.1)
Exceptional finance (costs) / income[3]	(3.1)	2.3
Net impairment of fixed assets[4]	-	34.5
Loss on disposal of subsidiary[5]	-	(0.5)
	(4.3)	**40.2**
Certain remeasurements in arriving at profit		
Net profit / (loss) on derivatives at fair value through operating costs[6]	19.8	(30.6)
	19.8	**(30.6)**
Exceptional items and certain remeasurements before taxation	**15.5**	**9.6**
Taxation on exceptional items and certain remeasurements	(3.6)	(2.1)
Exceptional items and certain remeasurements after taxation	**11.9**	**7.5**

7. Exceptional items and certain remeasurments (contd.)

	2024 €m	2023 €m
Fair valued derivatives through profit and loss	(3.6)	4.4
Fair valued derivatives through finance costs	-	(0.6)
Exceptional acquisition and disposal credit	(0.2)	-
Exceptional finance costs	0.2	-
Net impairment of property, plant and equipment	-	(5.9)
	(3.6)	**(2.1)**

1 Release of contingent consideration of €1.5m (2023 - €5.0m) relates to a fair value adjustment to contingent consideration for renewable generation development projects.
2 Exceptional acquisition and disposal costs of €2.7m (2023 - €1.1m) primarily relating to costs associated with acquisitions whether successful or unsuccessful and disposals, and costs associated with entering into the joint venture partnership.
3 Exceptional finance costs of €3.1m (2023 - €2.3m income) relate to the accelerated amortisation of bond fees of €3.1m associated with the refinancing of the Group on 31 July 2023. Finance income in the prior year relates to a gain on the termination of interest swaps for the Huntstown bioenergy plant.
4 Prior year net impairment of €34.5m relates to partial impairment reversal of €47.0m in relation to both Huntstown CCGT plants, partly offset by impairment of property, plant and equipment €9.4m and impairment of renewable development assets of €3.1m in respect of the Huntstown bioenergy plant.
5 Prior year loss on disposal of subsidiary of €0.5m relates to the disposal of Energia Group Insurance Limited.
6 Net profit on derivatives at fair value through operating costs of €19.8m (2023 - €30.6m net loss) 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.

	2024 €m	2023 €m
Audit of these financial statements	55	53
Audit of subsidiaries pursuant to legislation	493	476
	548	**529**
Fees payable to the company's auditor and its associates for other services		
Audit related assurance services	177	26
Taxation compliance services	39	40
Taxation advisory services	286	83
Total non-audit services	**502**	**149**

9. Employees

	2024 €m	2023 €m
Salaries	66.5	59.8
Social security costs	7.3	6.9
Pension Costs		
- defined contribution plans	4.5	4.1
- defined benefit plans	0.5	0.5
	78.8	**71.3**
Less salaries capitalised in property, plant and equipment and intangible assets	(10.2)	(8.9)
Charged to the income statement	**68.6**	**62.4**

	Actual headcount at 31 March		Average during the year	
	Number 2024	Number 2023	Number 2024	Number 2023
Renewables	50	44	49	57
Flexible Generation	71	74	74	70
Customer Solutions	993	972	982	912
	1,114	**1,090**	**1,105**	**1,039**

Director's emoluments

No amounts were paid to the Director in respect of qualifying services or long-term investment plans during the year (2023 - €nil).

Included in salary costs above is an amount of €nil (2023 - €nil) in relation to the Group's Management Investment Plan (see note 33).

10. Finance costs / income

	Results before exceptional items and certain remeasure ments 2024 €m	Exceptional items and certain remeasure ments (note 7) 2024 €m	Total 2024 €m	Results before exceptional items and certain remeasure ments 2023 €m	Exceptional items and certain remeasure- ments (note 7) 2023 €m	Total 2023 €m
Finance costs						
Interest on external bank loans and borrowings	(16.4)	-	(16.4)	(16.2)	-	(16.2)
Interest on senior secured notes	(36.2)	-	(36.2)	(26.4)	-	(26.4)
Total interest expense	**(52.6)**	**-**	**(52.6)**	**(42.6)**	**-**	**(42.6)**
Amortisation of financing charges	(4.2)	-	(4.2)	(3.6)	-	(3.6)
Unwinding of discount on decommissioning provision	(0.8)	-	(0.8)	(0.4)	-	(0.4)
Unwinding of discount on contingent consideration	(0.9)	-	(0.9)	(1.0)	-	(1.0)
Accretion of lease liability	(2.2)	-	(2.2)	(1.9)	-	(1.9)
Other finance income / (charges)	0.2	(3.1)	(2.9)	(0.9)	2.3	1.4
Total other finance (charges) / income	**(7.9)**	**(3.1)**	**(11.0)**	**(7.8)**	**2.3**	**(5.5)**
Net exchange (loss) / gain on net foreign currency borrowings	(2.8)	-	(2.8)	5.6	-	5.6
Less interest capitalised in qualifying asset	-	-	-	1.0	-	1.0
Total finance (costs) / income	**(63.3)**	**(3.1)**	**(66.4)**	**(43.8)**	**2.3**	**(41.5)**
Finance income						
Interest income on bank deposits	16.4	-	16.4	4.3	-	4.3
Total finance income	**16.4**	**-**	**16.4**	**4.3**	**-**	**4.3**
Net finance (costs) / income	**(46.9)**	**(3.1)**	**(50.0)**	**(39.5)**	**2.3**	**(37.2)**

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was nil (2023 – 3.75%).

11. Income tax

The major components of the tax charge for the years ended 31 March 2024 and 2023 are as follows:

	Results before exceptional items and certain remeasurements 2024 €m	Exceptional items and certain remeasurements (note 7) 2024 €m	Total 2024 €m	Results before exceptional items and certain remeasurements 2023 €m	Exceptional items and certain remeasurements (note 7) 2023 €m	Total 2023 €m
Current tax						
Current tax (charge) / income	(17.1)	(3.6)	(20.7)	(46.2)	3.8	(42.4)
Adjustments in respect of prior years	0.1	-	0.1	0.6	-	0.6
Total current tax (charge) / income	(17.0)	(3.6)	(20.6)	(45.6)	3.8	(41.8)
Deferred tax						
Origination and reversal of temporary differences	(2.8)	-	(2.8)	(8.2)	(5.9)	(14.1)
Adjustments in respect of prior years	-	-	-	0.1	-	0.1
Effect of increased rate on opening liability	-	-	-	0.7	-	0.7
Total deferred tax	(2.8)	-	(2.8)	(7.4)	(5.9)	(13.3)
Total taxation charge	**(19.8)**	**(3.6)**	**(23.4)**	(53.0)	(2.1)	(55.1)

11. Income tax (contd.)

Consolidated Statement of other comprehensive income

	2024 €m	2023 €m
Deferred tax related to items recognised in other comprehensive income during the year		
Net loss on revaluation of cash flow hedges	0.7	127.7
Net loss on remeasurement of defined benefit scheme	0.9	1.0
Taxation credited to other comprehensive income	**1.6**	**128.7**

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

	2024 €m	2023 €m
Accounting profit before income tax	164.8	324.5
At the statutory income tax rate of 25% (2023 - 19%)	(41.2)	(61.6)
Non-taxable foreign exchange on debt	(0.8)	0.9
Utilisation of tax losses on which no deferred tax asset was recognised	2.3	3.2
Impairment of property, plant and equipment	-	(1.8)
Other	(4.9)	(1.2)
Effect of lower tax rates on overseas earnings	21.1	6.1
Impact of rate change on opening deferred tax balances	-	0.7
Difference in deferred tax rate versus current tax rate	-	(2.1)
Adjustments in respect of previous years	0.1	0.7
Tax charge	**(23.4)**	(55.1)

11. Income tax (contd.)

The deferred tax included in the balance sheet at 31 March 2024 and 2023 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 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)
Charge 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)**
(Charge) / credit to income statement	(2.6)	(0.1)	(0.5)	(0.4)	-	0.8	(2.8)
Credit to equity	-	-	-	0.9	0.7	-	1.6
Foreign exchange	(0.8)	0.4	-	-	0.3	-	(0.1)
As at 31 March 2024	**(47.5)**	**18.7**	**1.0**	**(0.1)**	**11.3**	**(0.1)**	**(16.7)**

11. Income tax (contd.)

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:

	2024 €m	2023 €m
Deferred tax assets	48.2	41.7
Deferred tax liabilities	(64.9)	(57.1)
Net deferred tax liabilities	**(16.7)**	**(15.4)**

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% which became effective from 1 April 2023 was announced in the 2021 Budget and was enacted into law before the 31 March 2023 balance sheet date. This increase in the UK corporation tax rate is therefore reflected in the deferred tax balances at 31 March 2023 and 2024.

RoI deferred tax has been calculated at 12.5% as at 31 March 2024.

A deferred tax asset of €32.7m (2023 - €22.0m) has not been recognised in relation to €127.3m (2023 - €86.5m) of tax losses carried forward and €4.7m (2023 - €2.4m) on other, due to uncertainty regarding the quantum of future taxable profits in the companies concerned.

12. Property, plant and equipment

	Notes	Thermal generation assets €m	Renewable generation assets(i) €m	Freehold operational land €m	Fixtures and equipment €m	Total €m
Cost or valuation: **At 1 April 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
Disposal of subsidiary	15	-	(59.8)	(2.0)	-	(61.8)
Decrease in decommissioning provision		(3.1)	(1.9)	-	-	(5.0)
At 31 March 2023		**537.5**	**583.1**	**46.2**	**25.1**	**1,191.9**
Exchange adjustment		0.9	8.8	-	0.5	10.2
Additions		22.4	61.3	-	5.5	89.2
Decommissioning provision for the new plant commissioned		2.3	-	-	-	2.3
Acquisition of subsidiary	15	-	0.2	-	-	0.2
Disposal		(0.7)	(2.0)	-	-	(2.7)
Transfer of assets to joint venture entities(iv)		-	(22.0)	-	-	(22.0)
Increase / (decrease) in decommissioning provision		0.4	(0.2)	-	-	0.2
At 31 March 2024		**562.8**	**629.2**	**46.2**	**31.1**	**1,269.3**

12. Property, plant and equipment (contd.)

	Notes	Thermal generation assets(ii) €m	Renewable generation assets(i) €m	Freehold operational land €m	Fixtures and equipment €m	Total €m
Depreciation and impairment: **At 1 April 2022**		**406.4**	**143.3**	**-**	**18.8**	**568.5**
Exchange adjustment		-	(3.2)	-	(0.6)	(3.8)
Impairment (reversal) / charge(ii)		(47.0)	9.4	-	-	(37.6)
Disposal of subsidiary(iii)		-	(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**
Exchange adjustment		-	2.6	-	0.5	3.1
Disposal		(0.7)	-	-	-	(0.7)
Depreciation charge for the year		23.2	25.8	-	2.1	51.1
At 31 March 2024		**397.1**	**171.3**	**-**	**22.9**	**591.3**
Net book value						
At 1 April 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
At 31 March 2024		**165.7**	**457.9**	**46.2**	**8.2**	**678.0**

(i) Included in renewable generation assets are amounts in respect of assets under construction amounting to €102.0m (2023 - €64.6m) and capitalised interest during the year of €nil (2023 - €1.0m). Included in thermal generation assets are amounts in respect of assets under construction amounting to €39.0m (2023 - €54.1m).

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 8.6% (2023 – 8.3%) to their Net Book Value (NBV) at 31 March 2024. The VIU was calculated at €114m, reflecting the plants' success in obtaining capacity contracts to September 2028, and this has resulted in no change to the impairment charge or reversal. 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 resultant VIU is sensitive to reasonably possible changes in assumptions. Sensitivity analysis was undertaken to reflect the impact of reduced demand together with a change in fuels and the impact of an uninsured outage. The outcomes range from an impairment of €16.9m to an impairment reversal of €11.5m. 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 Huntstown Plants (Flexible Generation) resulted in a partial reversal of impairment of €47m of the 2018 impairment reflecting the plants success in obtaining capacity contracts to September 2027.

In the prior 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 to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. Huntstown Bioenergy Limited was disposed in February 2023.

(iii) Disposal of subsidiary in the prior year relates to the disposal of Huntstown Bioenergy Limited in February 2023.

(iv) Transfer of property, plant and equipment relates to assets transferred from the Group to joint venture entities following completion of the joint venture transaction.

13. Intangible Assets

	Software costs €m	Customer acquisition costs €m	Renewable development assets €m	Emission Allowances, Energy Efficiency Credits & ROCs(i) €m	Goodwill €m	Total €m
Cost						
At 1 April 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**
Exchange adjustment	2.3	-	1.4	3.7	15.3	22.7
Additions	14.0	1.9	-	256.2	-	272.1
Acquisition of subsidiary	-	-	24.0	-	-	24.0
Disposal	-	-	-	(266.2)	-	(266.2)
Revaluation	-	-	-	(0.1)	-	(0.1)
Reclassification	-	-	(3.1)	-	-	(3.1)
At 31 March 2024	**125.4**	**20.3**	**120.3**	**95.2**	**542.8**	**904.0**
Amortisation						
At 1 April 2022	**64.3**	**12.3**	**10.1**	**-**	**1.6**	**88.3**
Exchange adjustment	(2.5)	-	(0.5)	-	-	(3.0)
Impairment charge(ii)	-	-	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**
Exchange adjustment	1.9	-	0.3	-	-	2.2
Reclassification	-	-	(3.1)	-	-	(3.1)
Amortisation	11.4	2.4	2.5	-	-	16.3
At 31 March 2024	**86.5**	**17.2**	**14.8**	**-**	**1.6**	**120.1**

13. Intangible Assets (contd.)

	Software costs €m	Customer acquisition costs €m	Renewable development assets €m	Emission Allowances, Energy Efficiency Credits & ROCs(i) €m	Goodwill €m	Total €m
Net book value						
At 1 April 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
At 31 March 2024	**38.9**	**3.1**	**105.5**	**95.2**	**541.2**	**783.9**

(i) Included in Emission Allowances, Energy Efficiency Credits and ROCs at 31 March 2024 is an amount of €10.5m (2023 - €11.8m) relating to self-generating ROCs which were initially recognised at fair value of €10.5m (2023 - €11.8m). ROCs are a current asset.

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

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

	2024 €m	2023 €m
Current	95.2	101.6
Non-current	688.7	648.3
	783.9	**749.9**

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	2024 €m	2023 €m
Customer Solutions - Energia	393.8	382.7
Customer Solutions - Power NI	147.4	143.2
Total goodwill	**541.2**	**525.9**

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

14. Impairment testing of goodwill and intangible assets with indefinite lives (contd.)

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 pre-tax discount rate used in the calculation of the value-in-use for the CGUs was between 8.4% and 8.8% (2023 – 8.1% and 8.5%) reflecting management's estimate of the Weighted Average Cost of Capital (WACC) pre-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

Acquisitions in 2024

On 18 August 2023, the Group completed the acquisition of the entire issued share capital of Bracklyn Wind Farm Limited ('Bracklyn'), a 65MW onshore wind farm development project in County Westmeath

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of the wind farm acquired was as follows:

	Fair value recognised on acquisitions €m
Assets	
Fixed assets – development costs	0.2
Intangible assets (development assets) arising on acquisition	24.0
	24.2
Liabilities	
Shareholder loan	(1.8)
Total identifiable net liabilities at fair value	**(1.8)**
Fair value of net assets acquired	**22.4**
Purchase consideration is made up of	
Cash	20.1
Contingent consideration (discounted)	2.3
	22.4
Analysis of cash flows on acquisition	
Cash	20.1
Discharge of liabilities	1.8
Net cash flows on acquisition	**21.9**

Disposals in 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.

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 recognising an impairment of €9.4m to property, plant and equipment.

16. Investment in joint venture

On 7 September 2023, the Group entered into a joint venture partnership with Vårgrønn. The joint venture will initially focus on Ireland's south and east coasts, where the Group has already completed extensive development work over the last 4 years at its North Celtic Sea (NCS) and its South Irish Sea (SIS) sites, and as part of the transaction the Group transferred its North Celtic Sea and South Irish Sea project assets to the joint venture. The joint venture includes four entities, consisting of two holding companies (North Celtic Sea Windfarm Holdings Limited and South Irish Sea Windfarm Holdings Limited) and two project development companies (North Celtic Sea Offshore Windfarm Limited and South Irish Sea Offshore Windfarm Limited).

The principal activities of the entities within the joint venture are disclosed in note 17. Vårgrønn AS, the joint venture partner, is a Norway-based offshore wind company powering the energy transition through development, construction, operation and ownership of offshore wind assets. Vårgrønn AS is a joint venture between the energy company Plenitude (Eni) and the Norwegian energy investor HitecVision. During the period 7 September 2023 – 31 March 2024 the joint venture incurred a loss of €1.0m of which the company recognises its share of €0.5m as outlined below.

The following table summarises the consolidated financial information of the joint venture entities and also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture.

The loss of the joint venture entities during the period was €1.0m, with the Group's share of the loss being €0.5m.

Summarised statement of loss of NCS and SIS Offshore companies:

	2024 €m
Revenue	-
Cost of sales	-
Administrative expenses	(1.0)
Finance costs, including interest expenses	-
Loss before tax	**(1.0)**
Income tax	-
Loss for the year	**(1.0)**
Total comprehensive expense for the year	(1.0)
Group's share of loss for the year	**(0.5)**

16. Investment in joint venture (contd.)

	March 2024 €m
Assets	
Non-current assets	23.6
Current assets (including cash and cash equivalents)	13.2
	36.8
Liabilities	
Current liabilities	(1.0)
Non-current liabilities	-
	(1.0)
Net assets (100%)	**35.8**
Group's share of net assets (50%)	17.9
Deduction of unrealised gain on the transfer of assets	(1.4)
Group's carrying amount of interest in joint venture	16.5

17. Group Information

Principal investments in which the Group held 100% of ordinary shares at 31 March 2024 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

17. Group Information (contd.)

Name	Principal Activities	Country of incorporation
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
Energia Bioenergy Limited *	Holding company	Republic of Ireland
Holyford Windfarm Limited *[2]	Renewable generation	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 development	Republic of Ireland
Coolberrin Wind Limited *	Renewable development	Republic of Ireland
XMR Energy Limited*	Renewable development	Republic of Ireland
Derrysallagh Supply Limited *	Renewable supply	Republic of Ireland
Seven Hills Wind Limited *	Renewable development	Republic of Ireland
Energia Solar Holdings Limited *	Holding Company	Republic of Ireland
Solar Farmers Limited *	Renewable development	Republic of Ireland
Energia Offshore Wind Limited*	Renewable development	Republic of Ireland
Drumlins Park Limited*	Renewable development	Republic of Ireland
Gaofar Limited*	Renewable development	Republic of Ireland
Bracklyn Wind Farm Limited*	Renewable development	Republic of Ireland
North Celtic Sea Offshore Renewables Limited*	Holding Company	Republic of Ireland
South Irish Sea Offshore Renewables Limited*	Holding Company	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

17. Group Information (contd.)

Name	Principal Activities	Country of incorporation
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 RoI FinanceCo DAC	Financing company	Republic of 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

The following companies have been included in the Group's corporate structure as part of a joint venture:

Equity Accounted Joint Venture	Principal activities	Country of incorporation
North Celtic Sea Offshore Windfarm Holdings Limited[3]	Holding company	Republic of Ireland
North Celtic Sea Offshore Windfarm Limited[3]	Offshore Wind Renewable development	Republic of Ireland
South Irish Sea Offshore Windfarm Holdings Limited[3]	Holding company	Republic of Ireland
South Irish Sea Offshore Windfarm Limited[3]	Offshore Wind Renewable development	Republic of Ireland

* 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.
[3] entities which the Group has 50% beneficial ownership and are equity accounted joint ventures companies.

17. Group Information (contd.)

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.

18. Other Financial Assets

Other financial assets	2024 €m	2023 €m
Financial assets at amortised cost		
Security deposits	19.9	56.6
External interest receivable	0.5	0.4
Total other financial assets	**20.4**	**57.0**
Total non-current	-	-
Total current	**20.4**	**57.0**

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.

19. Trade and other receivables

	2024 €m	2023 €m
Current receivables		
Trade receivables (including unbilled consumption)	297.5	334.9
Contract assets (accrued income)	27.3	76.9
Prepayments	6.3	6.7
Other receivables	11.0	6.1
	342.1	424.6
Allowance for expected credit losses	(36.4)	(40.6)
Total current receivables	**305.7**	**384.0**
Non-current receivables		
Prepayments	4.3	-
Total non-current receivables	**4.3**	**-**

Non-current receivables (prepayments) pertain to capitalised RCF fees.

	2024 €m	2023 €m
Non-current	4.3	-
Current	305.7	384.0
	310.0	384.0

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

As at 31 March 2024, the Group has contract assets (accrued income) of €27.3m (2023 - €76.9m) which are expected to be settled in the next financial year. Contract assets (accrued income) settled in the current year amounted to €76.9m (2023 - €182.1m). 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 (2023 - €nil). Trade receivables are lower than prior year reflecting lower commodity prices.

19. Trade and other receivables (contd.)

See below for the movements in the provision for impairment of receivables.

	€m
At 1 April 2022	**38.2**
Foreign exchange adjustment	(0.9)
Provision for expected credit losses	6.4
Write off	(3.1)
At 31 March 2023	**40.6**
Foreign exchange adjustment	0.7
Provision for expected credit losses	(1.0)
Write off	(3.9)
At 31 March 2024	**36.4**

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

	2024				2023			
	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	190.0	(5.2)	184.8	2.7	219.7	(7.3)	212.4	3.3
< 30 days	55.3	(7.8)	47.5	14.1	62.7	(10.4)	52.3	16.6
31 - 60 days	18.5	(4.3)	14.2	23.0	23.2	(5.6)	17.6	24.3
61 - 90 days	9.4	(2.6)	6.8	27.7	10.1	(3.8)	6.3	37.5
> 90 days	24.3	(16.5)	7.8	67.9	19.2	(13.5)	5.7	70.2
Total	**297.5**	**(36.4)**	**261.1**	**12.2**	334.9	(40.6)	294.3	12.1

19. Trade and other receivables (contd.)

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.

The Group's allowance for expected credit losses has been applied reflecting market conditions including wholesale commodity prices, the macroeconomic environment and geopolitical risks. 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 current billing, which has reduced post energy crisis but remain high compared to historic levels as a result of higher commodity prices, provisions have reduced by €9.6m compared to 2023 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 higher energy bills compared to average historic levels as a result of higher average commodity prices have resulted in an increase in provisions by €4.7m above 2023 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 2024 of 12.2% of gross receivables or €36.4m (2023 – 12.1%, €40.6m). For commercial customers the ECL provision is 1% - 100% depending on the low / medium / high classification and for residential customers 27% - 100%. A sensitivity analysis in relation to the ECL rate for commercial shows an increase or decrease in the assumed provision by 5% would result in an increase or decrease in the ECL of €2.4m and for residential for every 1% increase or decrease in the assumed provision would result in an increase or decrease in the ECL of €0.5m.

20. Cash and cash equivalents

	2024 €m	2023 €m
Cash at bank and on hand	83.5	195.9
Short-term bank deposits	320.7	424.0
	404.2	**619.9**
Restricted cash*	-	5.7
	404.2	**625.6**

* Restricted cash of €5.7m held at 31 March 2023 related to cash received from the UK Government in relation to administration of the EBSS. The scheme ceased in June 2023 and remaining cash was repaid in October 2023 following completion of the government audit. This cash was not freely available in the normal course of business.

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

At 31 March 2024, the Group had available €178.3m (2023 - €29.1m) of undrawn committed borrowing facilities relating to the Senior revolving credit facility and no undrawn committed borrowing facilities relating to the project finance facilities (2023 - nil). There were no cash drawings under the Senior revolving credit facility at 31 March 2024 (2023 - €80.7m). €30.4m (2023 - €42.6m) of cash was restricted in the project financed wind farms and is subject to bi-annual distribution debt service requirements.

21. Trade and other payables

	2024 €m	2023 €m
Trade creditors	73.4	123.5
Other creditors	116.3	144.2
Contract liabilities (payments on account)	96.4	109.1
Tax and social security	9.7	10.3
Accruals	256.3	296.5
	552.1	**683.6**

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.

22. Financial Liabilities

	2024 €m	2023 €m
Current financial liabilities		
Senior revolving credit facility	-	80.7
Project financed bank facilities (NI)	12.7	11.5
Project financed bank facilities (RoI)	10.3	9.9
Project finance interest accruals	0.1	-
Senior secured notes interest payable	1.8	1.1
Other interest payable	1.5	0.9
Contingent consideration	9.5	6.3
Contingent liability	0.2	0.2
Lease liability	10.0	1.3
Total current financial liabilities	**46.1**	**111.9**
Non-current financial liabilities		
Senior secured notes €600m (2028)	590.0	-
Project financed bank facilities (NI)	151.0	159.1
Project financed bank facilities (RoI)	86.4	96.7
Contingent consideration	5.2	6.4
Lease liability	55.5	36.7
Senior secured notes €350m (2025)	-	347.7
Senior secured notes £225m (2024)	-	254.4
Total non-current financial liabilities	**888.1**	**901.0**
Total current and non-current financial liabilities	**934.2**	**1,012.9**

On 31 July 2023, the Group completed the full refinancing of the remaining Sterling and Euro notes replacing them with €600.0m 6.875% Senior secured notes due in July 2028. At the same time the Group also put in place a new €450.0m Senior revolving credit facility maturing in April 2028.

The carrying value of the Senior secured notes (2028) includes unamortised costs of €10.0m (2023 - nil). In the prior year, the carrying value of the Senior secured notes (2024 and 2025) included unamortised costs of €3.6m.

At 31 March 2024, the Group had letters of credit issued out of the Senior revolving

22. Financial Liabilities (contd.)

credit facility of €271.7m (31 March 2023 - €236.8m) resulting in undrawn committed facilities of €178.3m (31 March 2023 - €29.1m). There were no cash drawings under the Senior revolving credit facility at 31 March 2024 (31 March 2023 - €80.7m). 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 4.30% (2023 - 3.93%) on project financed bank facilities NI and 2.43% (2023 – 2.25%) on the project financed bank facilities RoI.

Contingent consideration

Contingent consideration of €14.7m (31 March 2023 - €12.7m) relates to the acquisition of various renewable development projects 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 €9.5m expected to be paid in 2024/25 and the remaining €5.2m paid by 2028/29.

Contingent liability

Contingent liability of €0.2m (31 March 2023 – €0.2m) relates to the acquisition of renewable development projects 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.

23. Deferred Income

	Capital Grants €m	Other Deferred Income €m	Total €m
Current	0.2	-	0.2
Non-current	2.3	-	2.3
Total as at 1 April 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**
Recognised in the year	0.6	21.4	22.0
Released to income statement	(0.3)	(0.8)	(1.1)
Other deferred income	-	0.2	**0.2**
Current	0.7	9.6	10.3
Non-current	2.6	18.1	20.7
Total as at 31 March 2024	**3.3**	**27.7**	**31.0**

€3.3m 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 (2023 - €3.0m) and €27.7m relates to the reimbursement of capital costs associated with Huntstown's emergency generation and data centre projects.

24. Pension and other post employment benefit plans

	2024 €m	2023 €m
Net employee defined benefit asset (before deferred tax)	0.3	2.3

24. Pension and other post employment benefit plans (contd.)

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 2024.

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 third annual deficit repair contribution made under the recovery plan was paid in the year ended 31 March 2024.

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.

24. Pension and other post employment benefit plans (contd.)

EGNIPS Focus Section

Changes in the defined benefit obligation, fair value of Focus assets and unrecognised past service costs are as follows:

	2024 €m	2023 €m
Market value of assets at 1 April	48.6	68.3
Interest income	2.3	1.8
Contributions from employer	1.8	1.8
Contributions from scheme members	0.1	0.1
Benefits paid	(1.7)	(1.9)
Loss on plan assets (excluding amounts in the net interest expense)	(3.0)	(18.9)
Foreign exchange	1.5	(2.6)
Market value of assets at 31 March	**49.6**	**48.6**
Actuarial value of liabilities at 1 April	**46.3**	**63.2**
Interest cost	2.2	1.7
Current service cost	0.3	0.5
Contributions from scheme members	0.1	0.1
Benefits paid	(1.7)	(1.9)
Actuarial loss / (gain) arising from changes in financial assumptions	0.1	(19.0)
Actuarial loss from experience	1.9	4.1
Actuarial (gain) / loss from demographic assumptions	(1.3)	0.2
Foreign exchange	1.4	(2.6)
Actuarial value of liabilities at 31 March	**49.3**	**46.3**
Net pension asset	**0.3**	**2.3**
Analysis of amounts recognised in employee costs		
Current service cost	(0.3)	(0.5)
	(0.3)	**(0.5)**
Analysis of amounts recognised in other comprehensive income		
Loss on plan assets (excluding amounts in the net interest expense)	(3.0)	(18.9)
Actuarial (loss) / gain arising from changes in assumptions	(2.0)	14.9
Actuarial gain / (loss) from the change in demographic assumptions	1.3	(0.1)
	(3.7)	**(4.1)**

24. Pension and other post employment benefit plans (contd.)

In accordance with IFRIC 14 – "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" €nil (2023 - €nil) has been recognised in 2024.

The actual return in Focus assets for 2024 amounted to a loss of €0.6m (2023 – €17.1m loss).

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

	2024 €m	2023 €m
Unquoted investments		
- Equity investments	10.7	8.9
- Bonds	25.1	28.3
- Other	13.8	11.4
Total assets	**49.6**	**48.6**

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

	2024	2023
Rate of increase in pensionable salaries	3.8% p.a.	3.5% p.a.
Rate of increase in pensions in payment	3.1% p.a.	3.1% p.a.
Discount rate	4.9% p.a.	4.8% p.a.
Inflation assumption (based on CPI)	3.1% p.a.	3.1% p.a.
Life expectancy		
- current pensioners (at age 60) – males	26.7 years	27.5 years
- current pensioners (at age 60) – females	29.5 years	30.2 years
- future pensioners (at age 60) – males	28.2 years	29.0 years
- future pensioners (at age 60) – females	30.9 years	31.6 years

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future changes in life expectancy.

24. Pension and other post employment benefit plans (contd.)

A quantitative sensitivity analysis for significant assumptions as at 31 March is as shown below:

Assumptions	Sensitivity Level	2024 €m	2023 €m
Pensionable salaries	1% increase	0.3	0.3
	1% decrease	(0.3)	(0.2)
Pension payments	0.5% increase	3.4	3.1
	0.5% decrease	(3.1)	(2.8)
Discount rate	0.5% increase	(3.0)	(2.8)
	0.5% decrease	3.3	3.1
Inflation	1% increase	6.5	6.1
	1% decrease	(5.2)	(4.9)
Life expectancy of male pensioners	Increase by 1 year	0.8	0.7
	Decrease by 1 year	(0.8)	(0.7)
Life expectancy of female pensioners	Increase by 1 year	0.4	0.4
	Decrease by 1 year	(0.5)	(0.4)

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:

	2024 €m	2023 €m
Within the next 12 months (next annual reporting period)	1.8	1.7
Between two and five years	2.7	4.2
Between five and ten years	0.5	0.5
Beyond ten years	0.1	0.1
Total expected payments	**5.1**	**6.5**

The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (2023 - 13 years).

25. Provisions

	Decommissioning Total €m
At 1 April 2022	**29.7**
Exchange adjustment	(0.3)
New plant commissioned	0.1
Unwinding of discount	0.4
Changes in the discount rate	(5.0)
At 31 March 2023	**24.9**
Exchange adjustment	0.2
New plant commissioned	2.3
Unwinding of discount	0.8
Changes in discount rate	0.2
At 31 March 2024	**28.4**
Non-current	28.4

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 3.0% (2023 – 3.1%) and are expected to be utilised within a period of three to sixteen years.

26. Financial assets and financial liabilities

Derivative financial instruments

Derivative financial assets

	2024 €m	2023 €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	2.6	0.7
Commodity swap contracts	9.7	71.1
Interest rate swap contracts	24.1	28.3
Total derivatives at fair value through other comprehensive income	**36.4**	**100.1**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	0.1	0.6
Commodity swap contracts	0.9	2.8
Total derivatives at fair value through profit and loss	**1.0**	**3.4**
Total derivative financial assets	**37.4**	**103.5**
Total non-current	18.0	32.9
Total current	19.4	70.6

26. Financial assets and financial liabilities (contd.)

Derivative financial liabilities

	2024 €m	2023 €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	(1.5)	(3.1)
Commodity swap contracts	(92.7)	(137.2)
Total derivatives at fair value through other comprehensive income	**(94.2)**	**(140.3)**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	(0.3)	(1.2)
Commodity swap contracts	(7.9)	(29.2)
Total derivatives at fair value through profit and loss	**(8.2)**	**(30.4)**
Total derivative financial liabilities	**(102.4)**	**(170.7)**
Total current	(98.7)	(168.9)
Total non-current	(3.7)	(1.8)

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 2024			
Foreign exchange forward contracts	159.6	2.6	Derivative asset
Commodity swap contracts	1.8	9.7	Derivative asset
Interest rate swap contracts	240.7	24.1	Derivative asset
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

26. Financial assets and financial liabilities (contd.)

Derivative financial liabilities

	Notional amount €m	Carrying amount €m	Line item in the statement of financial position
As at 31 March 2024			
Foreign exchange forward contracts	67.9	(1.5)	Derivative liabilities
Commodity swap contracts	(16.5)	(92.7)	Derivative liabilities
As at 31 March 2023			
Foreign exchange forward contracts	205.0	(3.1)	Derivative liabilities
Commodity swap contracts	146.2	(137.2)	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

	2024 €m	2023 €m
Accumulated loss included in equity	(57.8)	(40.2)
The table below summarises the maturity of cash flow hedges:		
Derivative financial assets		
In one year or less	18.7	67.5
In more than one year but less than five years	12.4	25.9
In more than five years	5.3	6.7
Gains through other comprehensive income	**36.4**	100.1
Derivative financial liabilities		
In one year or less	(90.7)	(157.1)
In more than one year but less than five years	(3.5)	16.8
In more than five years	-	-
Losses through other comprehensive income	**(94.2)**	(140.3)
	(57.8)	(40.2)

26. Financial assets and financial liabilities (contd.)

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

	2024 €m	2023 €m
Net gain / (loss) due to remeasurements	49.5	(660.7)
Gain transferred from equity to the income statement in respect of		
Completed hedges	65.0	160.5
Recognised within		
Operating costs	56.8	159.8
Finance costs	8.2	0.7
	65.0	**160.5**

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.

	2024 €m	2023 €m
Net gain / (loss) due to remeasurements	19.8	(30.6)

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:

26. Financial assets and financial liabilities (contd.)

	2024 Carrying value €m	2024 Fair value €m	2023 Carrying value €m	2023 Fair value €m
Level 1				
Non-current liabilities				
Senior secured notes (2028)	(590.0)	(623.0)	-	-
Senior secured notes (2024 and 2025)	-	-	(602.1)	(582.8)
Level 2				
Non-current liabilities				
Project financed bank facilities (NI)	(151.0)	(151.0)	(159.1)	(159.1)
Project financed bank facilities (RoI)	(86.4)	(86.4)	(96.7)	(96.7)
Current liabilities				
Project financed bank facilities (NI)	(12.7)	(12.7)	(11.5)	(11.5)
Project financed bank facilities (RoI)	(10.3)	(10.3)	(9.9)	(9.9)
Level 3				
Non-current liabilities				
Financial liabilities (contingent consideration)	(5.2)	(5.2)	(6.4)	(6.4)
Financial liabilities (lease liability)	(55.5)	(55.5)	(36.7)	(36.7)
Current liabilities				
Senior revolving credit facility	-	-	(80.7)	(80.7)
Financial liabilities (contingent consideration)	(9.5)	(9.5)	(6.3)	(6.3)
Financial liabilities (contingent liability)	(0.2)	(0.2)	(0.2)	(0.2)
Financial liabilities (lease liability)	(10.0)	(10.0)	(1.3)	(1.3)

26. Financial assets and financial liabilities (contd.)

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 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. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (NI) and project financed bank facilities (RoI) 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 and commodity contracts have 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 Euribor and Sonia respectively.

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 pay-out associated with earnouts set out in the relevant purchase agreement. The carrying value of €14.7m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

The fair value of the lease liability is considered to fall within the level 3 fair value hierarchy and is measured using the present value of the future lease payments over the lease term. The carrying value of €65.5m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

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:

26. Financial assets and financial liabilities (contd.)

	Within one year €m	1 to 5 years €m	>5 years €m	Total €m	Carrying Value Total €m
Year ended 31 March 2024					
Trade and other payables (excluding tax and social security)	(542.4)	-	-	(542.4)	(542.4)
Financial liabilities (excluding leases)	(92.3)	(891.1)	(154.2)	(1,137.6)	(868.7)
Financial liabilities - leases	(13.5)	(33.0)	(46.5)	(93.0)	(65.5)
Derivatives at fair value through other comprehensive income	(90.7)	(3.5)	-	(94.2)	(94.2)
Derivatives at fair value through profit and loss	(8.0)	(0.2)	-	(8.2)	(8.2)
	(746.9)	**(927.8)**	**(200.7)**	**(1,875.4)**	**(1,579.0)**
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)**

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

26. Financial assets and financial liabilities (contd.)

Financial risk management objectives and policies (contd.)

At 31 March 2024, 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 2024						
Foreign exchange forward contracts	Euro exchange rate	+/-10%	-	-	10.2	(9.0)
Gas swaps	Price per therm	+/-10p	14.3	(14.3)	14.3	(14.3)
GB power swaps	Price per MWh	+/- £10	16.2	(16.2)	16.2	(16.2)
Interest rate swaps	SONIA / Euribor	+/- 0.25%	-	-	1.3	(1.3)
Project financed bank facilities (interest)	SONIA / Euribor	+/- 0.25%	(0.7)	0.7	(0.7)	0.7
Project financed bank facilities denominated in sterling	Euro exchange rate	+/-10%	(17.0)	17.0	(17.0)	17.0
Project financed bank facilities (fees)	Euro exchange rate	+/-10%	0.7	(0.7)	0.7	(0.7)

26. Financial assets and financial liabilities (contd.)

Financial risk management objectives and policies (contd.)

			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

27. 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 2023 and 2024	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 2023 and 2024	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.

27. Share capital and reserves (contd.)

Reserves

Analysis by item recognised in other comprehensive income for each component of equity:

	Foreign currency reserve €m	Cash flow hedge reserve €m	Retained earning €m	Total Equity €m
2024				
Actuarial loss on defined benefit pension schemes (net of tax)	-	-	(2.8)	**(2.8)**
Exchange loss on translation of foreign operations	22.9	-	-	**22.9**
Net gain on cash flow hedges (net of tax)	-	(14.8)	-	**(14.8)**
Other comprehensive income for the year	22.9	(14.8)	(2.8)	**5.3**
2023				
Actuarial gain on defined benefit pension schemes (net of tax)	-	-	(3.1)	**(3.1)**
Exchange gain on translation of foreign operations	(49.7)	-	-	**(49.7)**
Net gain on cash flow hedges (net of tax)	-	(693.5)	-	**(693.5)**
Other comprehensive income for the year	(49.7)	(693.5)	(3.1)	**(746.3)**

28. Notes to group cash flow statement

	2024 €m	2023 €m
Operating activities		
Profit before tax from continuing operations	164.8	324.5
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	51.1	44.1
Amortisation of intangible assets	16.3	16.3
Amortisation of right-of-use assets	2.9	2.1
Net impairment reversal	-	(34.5)
Derivatives at fair value through income statement	(19.8)	30.6
Net finance costs	46.9	39.5
Exceptional finance costs / (income)	3.1	(2.3)
Exceptional acquisition and disposal costs	(1.4)	-
Defined benefit charge less contributions paid	(1.5)	(1.4)
Loss on disposal of subsidiary	-	0.5
Share of joint venture loss	0.5	-
Release of contingent consideration	(1.5)	(5.0)
Release of government grants and other deferred income	(1.1)	(0.3)
Cash generated from operations before working capital movements	**260.3**	**414.1**

29. Analysis of net debt

	Cash and cash equivalents €m	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 2022	**420.9**	**-**	**1.4**	**(86.1)**	**(920.4)**	**(584.2)**
Net increase in cash and cash equivalents	218.9	-	-	-	-	218.9
Movement in restricted cash	-	(5.7)	-	-	-	(5.7)
Proceeds from issue of borrowings	-	-	-	(81.0)	-	(81.0)
Repayment of borrowings	-	-	-	82.4	-	82.4
Increase 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)**
Net decrease in cash and cash equivalents	(234.7)	-	-	-	-	(234.7)
Movement in restricted cash	-	5.8	-	-	-	5.8
Proceeds from issue of borrowings	-	-	-	-	(600.0)	(600.0)
Repayment of borrowings	-	-	-	105.8	611.8	717.6
Issue costs on new long-term loans	-	-	-	-	11.4	11.4
Increase in interest accruals	-	-	-	(1.4)	-	(1.4)
Amortisation	-	-	-	(1.3)	(5.1)	(6.4)
Reclassifications	-	-	-	(23.1)	23.1	-
Translation difference	13.3	(0.1)	-	(2.3)	(10.7)	0.2
At 31 March 2024	**404.2**	**-**	**-**	**(26.4)**	**(827.4)**	**(449.6)**

* Restricted cash of €5.7m at 31 March 2023 relates to cash received from the UK Government in relation to administration of the EBSS. The scheme ceased in June 2023 and remaining cash was repaid in October 2023 upon completion of the Government audit.

29. Analysis of net debt (contd.)

Reconciliation of liabilities arising from financing activities:

	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)**

	At 1 April 2023 €m	Cash flows €m	Effects of foreign exchange €m	Other €m	At 31 March 2024 €m
Senior secured notes (2024 and 2025)	**(602.1)**	611.8	(6.1)	(3.6)	**-**
Senior secured notes (2028)	**-**	(600.0)	-	10.0	**(590.0)**
Senior revolving credit facility	**(80.7)**	82.7	(2.0)	-	**-**
Project finance facilities	**(277.2)**	23.1	(4.9)	(1.4)	**(260.4)**
Interest	**(2.0)**	-	-	(1.4)	**(3.4)**
Total	**(962.0)**	117.6	(13.0)	3.6	**(853.8)**

30. 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 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**
Exchange adjustment	0.4	-	0.4
Remeasurement of right-of-use assets	0.4	-	0.4
Additions	28.9	-	28.9
Amortisation	(2.9)	-	(2.9)
As at 31 March 2024	**56.2**	**0.1**	**56.3**

30. Leases (contd.)

Set out below are the carrying amounts of lease liabilities included within financial liabilities (as disclosed in note 26) and the movements during the period:

	2024 €m	2023 €m
As at 1 April	**(38.0)**	**(33.5)**
Exchange adjustment	(0.5)	0.7
Remeasurement of lease liability	(0.4)	(0.9)
Additions	(28.9)	(5.6)
Accretion of interest	(2.2)	(1.9)
Payments	4.5	3.2
As at 31 March	**(65.5)**	**(38.0)**
Current	(10.0)	(1.3)
Non-current	(55.5)	(36.7)

The maturity analysis of lease liabilities is disclosed in note 26.

Other amounts recognised in the income statement:

	2024 €m	2023 €m
Expense relating to short term leases	-	0.1
Variable lease payments	0.7	1.8
Total	**0.7**	**1.9**

There were no expenses during the year ended 31 March 2024 relating to leases of low-value assets. The Group had total cash outflows for leases of €4.5m for the year ended 31 March 2024 (2023 - €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.

30. Leases (contd.)

The charges incurred in relation to variable lease payments for the year ended 31 March 2024 were €0.7m (2023 - €1.8m).

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

PPB's contract to administer 600MW of contracted generation capacity with Ballylumford power station in NI expired on 23 September 2023.

	2024 €m	2023 €m
Within one year	-	11.6
After one year but not more than five years	-	-
	-	**11.6**

31. Commitments and contingent liabilities

(i) Capital commitments

At 31 March 2024 the Group had contracted future capital expenditure in respect of tangible fixed assets of €72.7m (2023 - €39.9m) and intangible fixed assets of €3.4m (2023 - €2.5m).

(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.

Liability and damage claims

In the normal course of business, the Group may have contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made 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.

32. Distributions made and proposed

On 1 August 2023 the Board approved the payment of a €150.0m dividend, at €37,313.43 per share, to the parent undertaking which was subsequently paid on 3 August 2023, and on 19 December 2023 the Board approved the payment of a €50.0m dividend, at €12,437.81 per share, to the parent undertaking which was subsequently paid on 22 December 2023 (2023 - €nil).

During the year, the above dividends were paid out of a combination of profits, the share premium reserve and the capital contribution reserve, with the 'Solvency Test' being passed.

33. 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:

	2024 €m	2023 €m
Expense arising from equity-settled share-based payment transactions	-	-
	-	-

33. Share-based payments (contd.)

Movements during the year

	B shares	C Shares
Outstanding at 1 April 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**
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March 2024	**905**	**1,088**
Exercisable at 31 March 2024	**-**	**-**

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

34. Related party-transactions

Equity accounted investees

On 7 September 2023, the Group entered into a partnership with Vårgrønn AS to co-develop offshore wind projects as disclosed in note 16.

	2024 €m	2023 €m
Sale of goods / services[1]	1.3	-
Purchase of goods / services	-	-
Amounts owed from equity accounted investees	-	-
Equity advanced during the year	18.4	-

[1] Energia Group provided management and other professional services during the year to equity accounted investees as set out in the table above.

Transactions with key management personnel

Compensation of key management personnel of the Group are shown as follows:

	2024 €m	2023 €m
Short-term employee benefits	3.3	3.5
Total compensation to key management personnel	3.3	3.5

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	2024 €m	2023 €m
Group pro-forma EBITDA	374.9	267.1
Less EBITDA from unrestricted assets	(55.4)	(89.5)
Pro-forma EBITDA for the Senior Secured Notes Restricted Group	**319.5**	**177.6**

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 €319.5m (2023 – €177.6m) primarily reflecting an increase in EBITDA in the Customer Solutions business partly offset by a decrease in the Flexible Generation business and Renewable PPA contracts.

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	2024 €m	2023 €m
Cash and cash equivalents	373.8	577.3
Senior secured notes €600m (2028)	(590.0)	-
Senior secured notes €350m (2025)	-	(347.7)
Senior secured notes £225m (2024)	-	(254.4)
Senior revolving credit facility	-	(80.7)
Interest accruals – Senior secured notes	(1.8)	(1.1)
Other interest accruals	(1.5)	(0.9)
Pro-forma Net Debt for the Senior Secured Notes Restricted Group	**(219.5)**	**(107.5)**

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
CO_2	Carbon dioxide
Company	Energia Group Limited
CPI	Consumer Price Index in the RoI
CRM	Capacity Remuneration Mechanism
CRU	Commission for Regulation of Utilities
CSDDD	Corporate Sustainability Due Dilligence Directive
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
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
DMA	Double Materiality Assessment
DMAP	Designated Maritime Area Map
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
EOM	Original Equipment Manufacturers
EPC	Engineering Procurement Construction
EPG	Energy Price Guarantee
ESB	Electricity Supply Board
ESI	Energy Storage Ireland
ESRI	Economic and Social Research Institute
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
GDPR	General Data Protection Regulation
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
IESA	Irish Energy Storage Association
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
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturers
OLEV	Office for Low Emission Vehicles
Options	Money purchase section of EGNIPS
ORESS	Offshore Renewable Electricity Support Scheme
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
RNI	RenewableNI
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
SDG	Sustainable Development Goal
UR	Utility Regulator
WACC	Weighted Average Cost of Capital
WEI	Wind Energy Ireland

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