Registered No. NI 647432

Energia Group NI FinanceCo plc

Annual Report and Accounts

31 March 2023

GENERAL INFORMATION

Directors
Ian Thom
Siobhan Bailey
Tom Gillen

Company secretary
Alwyn Whitford

Registered office
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Auditors
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Registered number of incorporation
NI 647432

STRATEGIC REPORT

The directors of Energia Group NI FinanceCo plc (the Company), present their Strategic Report for the year ended 31 March 2023.

The Company is a member of the Energia Group which includes Energia Group Limited (EGL) and its subsidiary undertakings (the Group / the Energia Group).

Principal activity
The principal activity of the Company is that of a financing company. During the year the Company's main activities related to investing and financing of intra group loans.

Business review
The results for the year ended 31 March 2023 show a profit after tax of £0.4m (2022 - £0.5m) from financing of intergroup loans to group companies. The directors do not recommend the payment of a dividend.

Treasury risks
The Company's liquidity, funding, investment and financial risk is managed by the Energia Group treasury function. The objective of Energia Group treasury is to manage risk at optimum cost. A continuous forecasting and monitoring process is in place to manage risk.

Capital management and liquidity risk
The Company is financed through a combination of equity and debt finance. The Company's equity is detailed in the Statement of Changes in Equity.

The Company's net debt position at 31 March is outlined in the table below:

	Note	2023 £m	2022 £m
Amounts owed by group undertakings	8	**225.4**	224.6
Senior secured notes (2024)	10	**(224.3)**	(223.9)
Senior secured notes interest payable	10	**(0.5)**	(0.4)
		0.6	0.3

The maturity profile of the Company's financial liabilities is detailed within note 10 to the accounts.

The main source of liquidity for the Company is from interest receivable on loans to group undertakings, which enables the Company to service its Senior secured notes. The Company's liquidity risk in respect of loans from group undertakings is managed through the preparation of cash flow forecasts and discussions with the Energia Group treasury function.

Interest rate risk
The borrowings of the Company are denominated in sterling and carry a fixed rate of interest of 4.75% and the interest rate on amounts owed by group undertakings is fixed at 5.25%. Therefore, the Company is not exposed to any significant interest rate risk.

	2023 £m	2022 £m
Net debt fixed / floating analysis:		
Fixed rate debt (note 10)	**224.3**	223.9

STRATEGIC REPORT (continued)

Foreign currency risk
None of the Company's financial instruments are denominated in a foreign currency and therefore the Company has no exposure to foreign currency risk.

Credit risk
The Company's principal financial assets are outlined in the table below:

	Note	2023 £m	2022 £m
Other financial assets	8	**225.4**	224.6

The Company's credit risk in respect of other financial assets is primarily attributable to loans made to group undertakings. Whilst the directors do not consider that the Company is exposed to significant credit risk in respect of amounts owed by group undertakings, the Company has, in accordance with IFRS 9, recognised an allowance for expected credit losses (ECLs) of £2.2m (2022 - £2.2m) in relation to amounts owed by group undertakings.

The Company acts as a co-obligor to the €350.0m Senior secured notes (2025) issued by a fellow subsidiary of the Energia Group, Energia Group RoI Holdings DAC. Correspondingly, Energia Group RoI Holdings DAC acts as a co-obligor of the Company's £225.0m Senior secured notes (2024) as disclosed in note 10 to the accounts.

Going concern
The Company's business activities, together with principal risks and uncertainties likely to affect its future performance are described above.

The Company is financed by medium term Senior secured notes due in September 2024 and relies on short term intercompany loans from within the Energia Group to meet its current liabilities as they fall due.

The Company's forecasts and projections, taking into account possible changes in performance, show that the Company is reliant on adequate financial resources being made available by the Energia Group to enable the Company to continue for a period of 12 months from the date of signing the accounts.

In assessing the appropriateness of the going concern basis of accounting a detailed analysis of the Group's forecast future cashflows has been prepared by group management. The future financial performance of the Group is dependent upon the wider economic environment in which it operates and as a result the forecasts were based on key assumptions including fuel prices (applying forward curves for commodities) and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

On 31 July 2023, the Group completed a full refinancing of its £225m Sterling denominated Senior secured notes due 2024 and its €350m Euro denominated Senior secured notes due 2025 by redeeming the remaining balance of the notes (£215.5m and €347.5m respectively) and replacing them with €600m Euro denominated Senior secured notes due 2028. The Group also entered into a new revolving credit facility.

Whilst the Group refinancing resulted in the full redemption of the Company's Senior secured notes and a corresponding repayment of amounts owed by Group undertakings, the Company's principal activity remains that of a financing company. There is an expectation that the Company may be used as the vehicle to issue listed debt in future Group refinancing transactions and therefore it is appropriate for the Company to continue on a going concern basis.

STRATEGIC REPORT (continued)

Going concern (continued)

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. Based on the sensitivity analysis performed the Group has sufficient financial headroom and was able to operate within the minimum EBITDA covenant contained within its Senior revolving credit facility.

Accordingly, and based upon the receipt of a letter of support from Energia Group Limited (EGL), which states that EGL will continue to provide financial support to the Company and will provide sufficient funds to the Company for these purposes for a period of 12 months from the date of approval of the balance sheet, the directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Statement by the directors in performance of their statutory duties in accordance with section172 of the Companies Act 2006

The directors of Energia Group NI FinanceCo plc are required to report how the directors of the Company have considered their duties under section 172(1) of the Companies Act 2006 when discharging their duty under that section, during the financial year ended 31 March 2023.

The Company is part of the Energia group of companies. In the management of its subsidiaries, the Group seeks to achieve long term value creation for the benefit of both its subsidiaries and the wider Group. The Company's corporate purpose is to borrow and lend monies to other UK subsidiaries within the Group. A key principle applied by the directors is to always consider whether the decision they are about to take leads to a positive long-term increase in the value of the Company and ultimately the wider Energia Group.

As part of the overall governance approach, the Group recognises the need to have appropriate levels of governance across its subsidiaries as part of its approach to risk mitigation. The Group maintains strong levels of governance at a Group wide and Company level.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long-term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

Given that Energia Group NI FinanceCo plc has no employees or operations in place that has an impact on the environment or wider community, the Directors render section 172(1) (b and d) of the Companies Act 2006 as not applicable.

Details of how the directors have complied with duties set out in section 172(1) (a, c, e and f) can be cross-referenced to both the Risk Management and Principal Risks and Uncertainties (pages 43-59) and the Responsible Business Report (pages 60-75) of the Energia Group Limited Consolidated Financial Statements for the year ended 31 March 2023. Further detail is also included below and as part of the Directors' Report.

STRATEGIC REPORT (continued)

The Company's stakeholders include its bondholders, its parent company and fellow subsidiary companies of the Energia Group to whom funds are lent. The Company is involved in the investing and financing of intra group loans with the Group's other UK subsidiary companies. The Company is committed to operating in an ethically responsible manner. The Company aims to be transparent and ethical in all its dealings with all of its third parties and complies with the Group's policies on anti-corruption and bribery, anti-slavery and human trafficking, Code of Conduct and 'whistleblowing' procedures as well as the Group's corporate governance arrangements and equal opportunities policy.

By order of the Board

Alwyn Whitford

Company Secretary

Registered office:
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Registered number: NI 647432

Date: 6 September 2023

DIRECTORS' REPORT

The directors of Energia Group NI FinanceCo plc (the Company), present their Annual Report and Accounts for the year ended 31 March 2023.

The parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared is Energia Group Limited. A copy of the group accounts of Energia Group Limited is available from the Energia Group website www.energiagroup.com under the 'Investor Relations' tab.

Principal decisions
The Board considers the need to maintain a reputation for high standards of business conduct, the need to act fairly between the members of the Company and the long-term consequences of its decisions. In making its decisions, the Board considers stakeholder interests and how relevant decisions made on behalf of the Company affect those stakeholders while also promoting the success of the Company for the long-term value creation for the wider Energia Group. The Group's treasury activities are coordinated through a central function which manage the financial risks for the Group. On behalf of the Company, the Group frequently engages with its creditors and credit rating agencies as part of the Group's financial risk management processes.

We define 'Principal Decisions' as decisions which are material or strategic to the Company, key stakeholders and/or the long-term value creation of the Company. We consider the following to be examples of Principal Decisions:

During the year the directors continued to monitor and consider the impact of higher wholesale costs on the wider Group and any potential impact this could have on liquidity of fellow group undertakings. A sensitivity analysis was undertaken in relation to the key assumptions to reflect the impact of higher commodity prices and reduced demand together with potential delays in customers paying their bills. In all scenarios tested the Group was shown to have sufficient financial headroom and was able to operate within the minimum EBITDA covenant retained within its Senior revolving credit facility.

During the year the directors continued to monitor the impact of Brexit and the potential impact of the Windsor Agreement on the Company and the wider Group and continue to monitor the potential impact on its supply chains and those of its suppliers in order to manage any potential future risks.

Future developments
The directors do not expect there to be any significant changes to the Company's activities in the foreseeable future.

Directors
The directors of the Company are as listed on page 1.

None of the directors or the Company Secretary at 31 March 2023 had any interest in the share capital of the Company at the beginning or end of the year.

Political donations
There were no political donations during the year.

DIRECTORS' REPORT (continued)

Financial instruments
The disclosures of financial instrument risks and policies have been included in the Strategic Report in accordance with 414 C (11) of the Companies Act 2016 as the Directors consider that this information is of strategic importance.

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Subsequent events
During May 2023 the Company purchased £9.5m of its Senior secured notes in a number of open market transactions and on 31 July 2023 the remaining balance of its Senior secured notes were redeemed in full as part of the wider Group refinancing as outlined in Note 13.

Matters included in the Strategic Report
Under Section 414 of Companies Act 2006, all matters not disclosed in the Directors' Report have been included in the Strategic Report.

Auditors
In accordance with Section 487 of the Companies Act 2006 Ernst & Young LLP is deemed reappointed as external auditor of the Company.

By order of the Board

Alwyn Whitford

Company Secretary

Registered office:
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Registered number: NI 647432

Date: 6 September 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each year. Under that law the Directors have elected to prepare the accounts in accordance with UK adopted international accounting standards.

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the financial position of the Company as at the year end and of the profit and loss of the Company for the year and otherwise comply with the Companies Act 2006.

In preparing the Company accounts the Directors are required to:

- select suitable accounting policies in accordance with *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- 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 International Financial Reporting Standards ('IFRSs') in conformity with the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state whether the Company has complied with International Financial Reporting Standards ('IFRSs') in conformity with the Companies Act 2006, subject to any material departures disclosed and explained in the accounts.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGIA GROUP NI FINANCECO PLC

Opinion

We have audited the financial statements of Energia Group NI FinanceCo Plc (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 as applied to listed entities, 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.

The Company requires parent support from their ultimate parent, Energia Group Limited ("the Group") as a result of the concentration of credit risk and the ability of Energia Group Limited to pay its intercompany receivables to enable the Company to repay the senior secured notes. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the performance of reasonably possible reverse stress tested scenarios for liquidity and covenant compliance on the overall Group position.

In order to consider the appropriateness of going concern as the basis of preparation and the ability of Energia Group Limited to provide the relevant support if required, we have:

- considered the nature of the wider Energia Group's business and identified the key drivers of cash flow generation, the different trading entities and range of customers as well as Group obligations;
- obtained and walked through management's forecast cashflow model and the sensitivities applied thereon;
- confirmed availability of facilities including compliance with conditions and covenants;
- corroborated future forecast inputs as reasonable through reference to in year testing, and through independent verification of (i) fuel price; (ii) volumes; (iii) demand; and (iv) working capital and sensitised the assumptions applied;

Conclusions relating to going concern (continued)

- obtained the base case along with the sensitised forecasts prepared by management, and challenged management on the appropriateness and robustness of the sensitivities applied;
- agreed the opening cash position per the model to cash held at bank;
- challenged management with regards to the EBITDA sensitivities;
- obtained the wider Energia Group's covenant calculations, agreeing to underlying agreements, and challenged management's base case and stress tested covenant calculation to ensure compliance in respect of covenant reporting periods;
- considered the methodology under which the forecast cash flows were derived, and tested the integrity of the model;
- obtained a copy of the letter of support from the Director of the ultimate parent company to the Directors of the Company;
- considered the impact of the post balance sheet refinancing of the Group which resulted in the redemption of the existing £225m loan notes on 31 July 2023 and creation of a new €600m Eurobond;
- challenged management's going concern period and whether 12 months was appropriate and concluded this was in line with the support provided by Energia Group Limited; and
- audited the disclosures in respect of going concern in the financial statements and concluded the disclosure was appropriate.

Going concern has also been determined as a key audit matter.

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 company'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 company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Recoverability of intercompany receivables
Materiality	• Overall materiality of £2.3m which represents 1% of total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no changes from the prior year.

Climate change

Stakeholders are increasingly interested in how climate change will impact Energia Group NI FinanceCo PLC. In planning and performing our audit we assessed the potential impacts of climate change on the company's business and any consequential material impact on its financial statements. The company has considered the impact of climate change and have disclosed this is note 2 of the financial statements. They have concluded that there is no material impact from climate change known about now or that could arise in the future and that no issues were identified that would impact the carrying value of current assets or which could have other impacts on the financial statements.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transitional, on these current assets as well as other assets and challenging the Directors' considerations of climate change in their assessment. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures. The company itself is a low energy user, by virtue of its operations and hence climate risks are assessed to be more applicable at the group level and therefore are considered by Energia Group Limited. We have also considered any climate change impact on the parent company considering the reliance on the parent company to support the going concern basis of preparation adopted in the financial statements and concluded that no material impact is expected during the going concern period.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Risk	*Our response to the risk*	*Key observations communicated to the Audit Committee*
Recoverability of intercompany receivables (2023: £225.4m, 2022: £224.6m) *Refer to Note 2 Accounting Policies (page 22) and Note 8 of the Financial Statements (page 26).* In September 2017 the Company raised £225m through the issuance of 2024 senior secured notes which pay a fixed interest rate of 4.75% payable annually in arrears. These loan notes are listed on the International Stock Exchange. The funds generated from these notes have been lent to other companies within the Energia Group to fund continuing operations. The recoverability of the intercompany receivables is considered to be a Key Audit Matter. An allowance for expected credit loss is provided based on an estimate of future cash flows. In arriving at this estimate, the Company considers the credit rating of the wider Energia Group and an assessment of current economic conditions, which is in line with the approach prescribed by IFRS 9 *Financial Instruments* ('IFRS 9'). Management have applied 12-month expected credit losses ('ECL') as it is deemed that there has	In order to assess management's estimate of the recoverability of the intercompany receivables, we have; • assessed whether the expected credit loss allowance, recognised at year end, was accurately and consistently calculated in accordance with the Company's methodology; • assessed the credit worthiness of the counterparty by obtaining their audited financial statements and comparing the intercompany receivable balance against the net assets of the counterparty; • compared the credit risk rating for the Group which was used to calculate the ECL provision to external sources; and • audited the disclosures in respect of the intercompany receivable balances in the financial statements.	Based on the procedures performed, we are satisfied that the intercompany receivable is recoverable, and we found the expected credit loss allowance and the adequacy of disclosure for intercompany receivables to be appropriate.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
been no deterioration in credit quality since the inception of these loans and there is low credit risk in relation to the intercompany receivables. At 31 March 2023, an ECL provision of £2.2m has been recognised. Management have concluded that the intercompany receivable is recoverable based on the underlying financial performance and position of the relevant entities and the ECL is appropriate at 31 March 2023.		

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £2.3 million (2022: £2.2 million), which is 1% (2022: 1%) of total assets. We believe that total assets provide us with a consistent year on year basis for determining materiality and is most relevant in performance measure to stakeholders of the Company given the nature of the Company as a financing company.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £1.7m (2022: £1.7m). We have set performance materiality at this percentage to ensure that total detected, and undetected audit differences do not exceed our planning materiality for the financial statements as a whole.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.1m (2022: £0.1m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGIA GROUP NI FINANCECO PLC (continued)

Other information

The other information comprises the information included in the annual report set out on pages 2 to 7, 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, except to the extent otherwise explicitly stated in this report, 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 the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGIA GROUP NI FINANCECO PLC (continued)

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 company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, data protection, anti-bribery and corruption.
- We understood how Energia Group NI FinanceCo plc is complying with those frameworks by making enquires of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Energia Group Limited Audit Committee and correspondence from regulatory bodies and noted there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by utilising internal and external information to perform a fraud risk assessment. We considered the risk of fraud through management override and in response, we incorporated testing manual journals and designed procedures to provide reasonable assurance that the financial statements were free from material fraud or error. Our risk of management override was aligned to our Key Audit Matter on recoverability of amounts receivable from group undertakings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business, and enquires of legal counsel, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGIA GROUP NI FINANCECO PLC (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
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Lindsay Russell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 7 September 2023

INCOME STATEMENT
for the year ended 31 March 2023

	Note	2023 £m	2022 £m
Interest receivable and similar income	5	11.7	11.7
Interest payable and similar cost	6	(11.2)	(11.1)
Net finance income		0.5	0.6
Profit before taxation		0.5	0.6
Tax charge	7	(0.1)	(0.1)
Profit for the year		0.4	0.5

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2023

The Company had no comprehensive income or loss other than the profit for the year of £0.4m (2022 - £0.5m).

BALANCE SHEET
as at 31 March 2023

	Note	2023 £m	2022 £m
Current assets			
Financial assets	8	**225.4**	224.6
Cash at bank		**–**	–
		225.4	224.6
Creditors: amounts falling due within one year			
Other creditors	9	**-**	(0.1)
Income tax payable		**(0.1)**	(0.1)
Financial liabilities	10	**(0.5)**	(0.4)
		(0.6)	(0.6)
Net current assets		**224.8**	224.0
Creditors: amounts falling due after more than one year			
Financial liabilities	10	**(224.3)**	(223.9)
		(224.3)	(223.9)
Net assets		**0.5**	0.1
Capital and reserves			
Equity share capital	11	**0.1**	0.1
Retained earnings		**0.4**	-
Total equity		**0.5**	0.1

The accounts were approved by the Board of directors and authorised for issue on 6 September 2023. They were signed on its behalf by:

Ian Thom

Director

Date: 6 September 2023

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2023

	Equity share capital £m	Retained earnings £m	Total £m
1 April 2021	**0.1**	**(0.5)**	**(0.4)**
Profit for the year	-	0.5	0.5
At 31 March 2022	**0.1**	**-**	**0.1**
Profit for the year	-	0.4	0.4
At 31 March 2023	**0.1**	**0.4**	**0.5**

1. General information

Energia Group NI FinanceCo plc is a public company limited by shares incorporated and domiciled in Northern Ireland. Its registered number is NI 647432 and the registered office is located at Greenwood House, 64 Newforge Lane, Belfast, BT9 5NF.

The accounts have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosures Framework' (FRS 101) and applied in accordance with the provisions of the Companies Act 2006.

The accounts are presented in Sterling (£) with all values rounded to the nearest £m except where otherwise indicated.

2. Accounting policies

Basis of preparation
The Company prepares its accounts in accordance with FRS 101 for the period presented. The results of Energia Group NI FinanceCo plc are included in the consolidated financial statements of Energia Group Limited which are available on the Energia Group website www.energiagroup.com under the 'Investor Relations' tab.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: disclosures, because equivalent disclosures have been provided in the consolidated financial statements of the group in which the entity is consolidated.
- the requirements of paragraph 91-99 of IFRS 13 Fair Value Measurement.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79 (a)(iv) of IAS 1.
- the requirements of paragraphs 10(d), 16, 111, 134, 135 and 136 of IAS 1 Presentation of Financial statements.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The principal accounting policies are set out below:

2. Accounting policies (continued)

Applicability of going concern basis
The Company's business activities, together with principal risks and uncertainties likely to affect its future performance are described above.

The Company is financed by medium term Senior secured notes due in September 2024 and relies on short term intercompany loans from within the Energia Group to meet its current liabilities as they fall due.

The Company's forecasts and projections, taking into account possible changes in performance, show that the Company is reliant on adequate financial resources being made available by the Energia Group to enable the Company to continue for a period of 12 months from the date of signing the accounts.

In assessing the appropriateness of the going concern basis of accounting a detailed analysis of the Group's forecast future cashflows has been prepared by group management. The future financial performance of the Group is dependent upon the wider economic environment in which it operates and as a result the forecasts were based on key assumptions including fuel prices (applying forward curves for commodities) and market demand (applying growth factors in line with publicly available forecasts and internal assessment).

On 31 July 2023, the Group completed a full refinancing of its £225m Sterling denominated Senior secured notes due 2024 and its €350m Euro denominated Senior secured notes due 2025 by redeeming the remaining balance of the notes (£215.5m and €347.5m respectively) and replacing them with €600m Euro denominated Senior secured notes due 2028. The Group also entered into a new revolving credit facility.

Whilst the Group refinancing resulted in the full redemption of the Company's Senior secured notes and a corresponding repayment of amounts owed by Group undertakings the Company's principal activity remains that of a financing company. There is an expectation that the Company may be used as the vehicle to issue listed debt in future Group refinancing transactions and therefore it is appropriate for the Company to continue on a going concern basis.

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. Based on the sensitivity analysis performed the Group has sufficient financial headroom and was able to operate within the minimum EBITDA covenant contained within its Senior revolving credit facility.

Accordingly, and based upon the receipt of a letter of support from Energia Group Limited (EGL), which states that EGL will continue to provide financial support to the Company and will provide sufficient funds to the Company for these purposes for a period of 12 months from the date of approval of the balance sheet, the directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

2. Accounting policies (continued)

Climate Change
In preparing the consolidated financial statements, management has considered the impact of climate change, taking into account the relevant disclosures in the Section 172 Statement in the Strategic Report. This included an assessment of assets with long lives and how measures taken to address climate change could impact these. The Company do not believe that any existing or pending legislation, regulation, or international treaties or accords, whether related to environmental or other government regulations, are reasonably likely to have a material adverse effect in the foreseeable future on our business or the markets we serve, nor on our results of operations, capital expenditures, earnings, competitive position, or financial standing. The Company have therefore concluded that no issues were identified that would impact the carrying values of such assets or have any other impact on the financial statements.

Financial instruments
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, comprising amounts owed by fellow subsidiary undertakings, are classified as measured at amortised cost.

The Company measures financial assets at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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 Company's balance sheet) when:
- the rights to receive cash flows from the asset has expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum of consideration that the Company could be required to repay.

2. Accounting policies (continued)

Impairment of financial assets
The Company 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 Company 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).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities, comprise interest-bearing loans and borrowings owed to group undertakings.

All loans and borrowings are recognised initially at fair value, net of directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

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.

Tax
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 deferred tax is also dealt with in equity.

2. Accounting policies (continued)

Tax (continued)
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 Company'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.

Interest receivable and similar income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Borrowing costs
Borrowing costs are expensed in the year they occur. Borrowing costs consist of interest as calculated using the EIR method that an entity incurs in connection with the borrowing of funds.

Segmental analysis
The Company's principal activity is that of a financing company and it has only one operating segment.

Key estimates and judgements
The preparation of the Company's accounts 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 finance 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.

Key estimates
Impairment testing of financial assets
The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate and requires an estimation of the probability of default of financial assets. 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. Auditors' remuneration

The following remuneration was paid to the Company's auditors in respect of services to the Company as follows:

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's accounts	6	2

4. Staff costs and directors' remuneration

The Company did not employ any persons during the current and previous year, except for the directors.

Directors
No remuneration was paid to the directors of the Company during the year in respect of qualifying services.

Director's remuneration was paid to the Company's directors by other group undertakings, however the portion of those emoluments that relate to their services as director of the Company are considered negligible.

5. Interest receivable and similar income

	2023 £m	2022 £m
Amounts owed by group undertakings	**11.7**	11.7

6. Interest payable and similar cost

	2023 £m	2022 £m
Interest on Senior secured notes	**10.7**	10.7
Amortisation of financing costs on Senior secured notes	**0.5**	0.4
	11.2	11.1

7. Tax charge

(i) Analysis of charge in the year

	2023 £m	2022 £m
Income Statement		
Current tax		
UK corporation tax at 19% (2022 - 19%)	**(0.1)**	(0.1)
	(0.1)	(0.1)

7. Tax charge (continued)

Tax charge
(ii) Reconciliation of total tax charge
The tax charge in the Income Statement for the year is the same as the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are reconciled below:

	2023 £m	2022 £m
Accounting profit before tax	**0.5**	0.6
Accounting profit multiplied by the UK standard rate of corporation tax of 19% (2022 - 19%)	**(0.1)**	(0.1)
Tax charge for the year	**(0.1)**	(0.1)

Current tax has been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax of the Company.

An increase in the UK corporation rate from 19% to 25% (effective from 1 April 2023) was enacted announced in the 2021 Budget. The change in tax rate has no effect on amounts recognised as at 31 March 2023.

8. Financial assets

	2023 £m	2022 £m
Current		
Amounts owed by fellow subsidiary undertakings	**227.6**	226.8
Allowance for expected credit losses	**(2.2)**	(2.2)
Total current assets	**225.4**	224.6

The amounts owed by group undertakings are repayable on demand. Interest rates are fixed at 5.25%.

The Company recognised an allowance for ECLs on amounts owed by group undertakings of £2.2m (2022: £2.2m) at the Balance Sheet date.

9. Other creditors

	2023 £m	2022 £m
Amounts falling due within one year		
Amounts owed to group undertakings	**-**	0.1

10. Financial liabilities

	2023 £m	2022 £m
Current		
Senior secured notes interest payable	**0.5**	0.4
Non-current		
Senior secured notes £225m (2024)	**224.3**	223.9
Total current and non-current financial liabilities	**224.8**	224.3

The Senior secured notes (2024) were issued in September 2017 and are repayable in one instalment on 15 September 2024. Interest is payable semi-annually at a fixed coupon rate of 4.75%. The carrying value of the Senior secured notes (2024) includes unamortised costs of £0.7m (2022 - £1.2m).

The Company acts as a co-obligor to the €350.0m Senior secured notes (2025) issued by a fellow subsidiary of the Energia Group, Energia Group RoI Holdings DAC. Correspondingly, Energia Group RoI Holdings DAC acts as a co-obligor of the Company's £225.0m Senior secured notes (2024).

During May 2023 the Company purchased £9.5m of its Senior secured notes in a number of open market transactions and on 31 July 2023 the remaining balance of its Senior secured notes were redeemed in full as part of the wider Group refinancing as outlined in Note 13.

11. Authorised and issued share capital

Equity share capital presented as equity

	2023 Number	2022 Number	2023 £m	2022 £m
Authorised, issued & fully paid				
50,000 Ordinary shares of £1.00 each	**50,000**	50,000	**0.1**	0.1

The balance classified as share capital presented as equity in the Balance Sheet and the Statement of Changes in Equity comprises the nominal value of the Company's share capital, consisting of £1 ordinary shares.

Retained earnings
The balance classified as retained earnings in the Balance Sheet and the Statement of Changes in Equity includes all current and prior period retained profits and losses.

12. Related party disclosures

The immediate parent undertaking of the Company is Energia Group NI Holdings Limited, a company incorporated in Northern Ireland. The parent of the smallest and largest groups of which the Company is a member and for which group accounts are prepared is Energia Group Limited, a company incorporated in the Cayman Islands. A copy of the group accounts of Energia Group Limited is available on the Energia Group website www.energiagroup.com under the 'Investor Relations' tab.

The ultimate parent undertaking and controlling party 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.

13. Events after the reporting period

On 31 July 2023, the Group completed a full refinancing of its £225m Sterling denominated Senior secured notes due 2024 and its €350m Euro denominated Senior secured notes due 2025 by redeeming the remaining balance of the notes (£215.5m and €347.5m respectively) and replacing them with €600m Euro denominated Senior secured notes due 2028. The Group also entered into a new revolving credit facility.