Annual Report 2025

Annual Report
for the year ended
31 March 2025

mutual-energy.com

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Directors and Advisers

Directors

David Gray	Chairman
Patrick Larkin	Executive Director
Harold McCracken	Non-Executive Director
Gerard McIlroy	Executive Director
Norman McKeown	Non-Executive Director
Maureen O'Reilly	Non-Executive Director *(appointed 20th November 2024)*
Ceri Richards	Non-Executive Director

Company Secretary

Gerard McIlroy

Registered Office

First Floor
The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

Principal Place of Business

First Floor
The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

Solicitors

Arthur Cox Northern Ireland
Victoria House
15-17 Gloucester Street
Belfast
BT1 4LS

Bankers

Barclays plc
Donegall House
Donegall Square North
Belfast
BT1 5GB

Independent Auditors

Grant Thornton (NI) LLP
Chartered Accountants
and Statutory Auditors
12-15 Donegall Square West
Belfast
BT1 6JH

Highlights

Financial

Revenue up
26.2%

Profit before tax of
£100.9m
generated in the year

1.11%
average cost of capital achieved

Highest cash generated by the Moyle Interconnector of
£58.3m

Operational

100%
gas asset availability

98.5%
availability on the Moyle Interconnector

37%
of Northern Ireland's electricity supplied through the Moyle Interconnetor

Health, Safety and Wellbeing seminar
hosted for our staff and key contractors

Strategic

£80m
planned return to consumers over the next five years

£7.6m
returned to consumers in the year via the electicity tariff and donations to support vulnerable consumers

13% reduction
in locational carbon emissions compared to 2020 base year

Pumped Hydro Energy Storage (PHES) feasbility study
launched in October 2024

Mutual Energy at a Glance

Our Group

Mutual Energy is a major player in the energy industry owning and operating crucial gas and electricity assets, with a current value of c£280m, which include:

- 3 transmission pipelines that transport all of Northern Ireland's gas from Scotland; and
- the Moyle Interconnector that provides an electricity connection between the all-Ireland Single Electricity Market (SEM) and the Electricity Market in Great Britain. During 2024-25 we supplied 37% of Northern Ireland's electricity through the interconnector (2.6TWh).

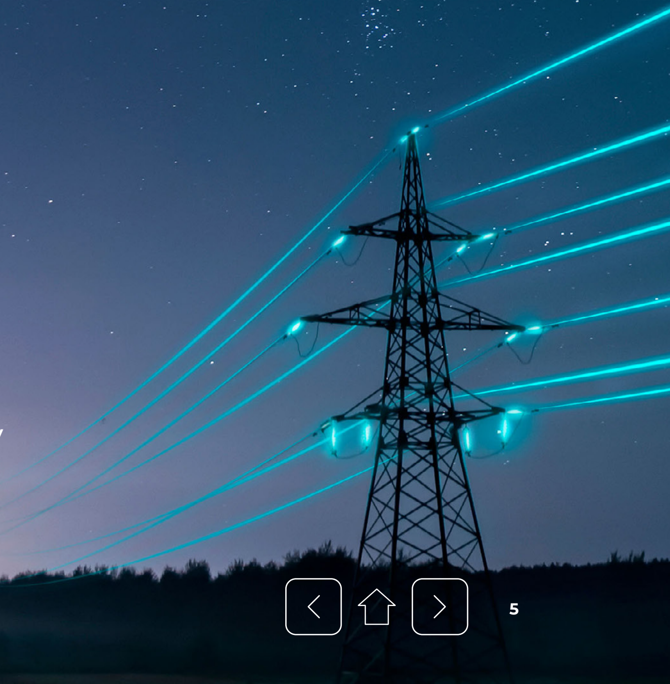
We are a Belfast based company, with a continuous improvement and collaborative culture embedded across the organisation. We value our 44[1] employees and the wealth of knowledge and experience that they bring to the sector, bridging the gap between gas and electricity and taking a whole system view of the needs of Northern Irish consumers.

Similar to all energy sector operators, the Group is licensed by the Utility Regulator in Northern Ireland, who we work in close partnership with. As a mutual company, however, we have a unique business model which benefits from:

- having no shareholders to pay, and so we can reinvest the money we earn for the long-term benefit of energy users in Northern Ireland;
- a business model and licence structures that are attractive to investors looking for low-risk, stable long term cash flows, thus attracting 100% debt financing at very low rates of interest; and
- significant savings for consumers, as the investment in our assets at a real financing cost is almost **two-thirds lower** than a typical Northern Irish utility provider.

Our Group are fully committed to decarbonisation and are eager to be at the forefront of the creation and development of strategic, high value projects that are ideally suited to our mutual business model.

[1] *Headcount as at 31st March 2025.*



Group Mission & Our Strategic Goals

Our mission is to invest in infrastructure for the benefit of the Northern Ireland consumer. This mission is encapsulated in five strategic themes:

1 Operate assets safely and cost effectively

2 Generate and return savings to Northern Ireland consumers

3 Accelerate decarbonisation

4 Manage risk on Northern Ireland consumers' behalf

5 Invest in energy infrastructure

Chair's Statement

On behalf of the Board, I am pleased to present our Annual Report for the year ended 31st March 2025, with the highlights for the year reflecting strong progress made towards delivering our strategic objectives.

The new Labour government, which took office in the UK in July 2024, is more aligned with our strategic priority of accelerating decarbonisation and is supportive of the energy transition and the 2050 net zero target. However, this has not yet translated into tangible financial resources for the Northern Ireland Executive, nor have we seen progress or clarification from local government on how Northern Ireland is to achieve its ambitious 2030 carbon targets.

There have also been significant changes in the electricity market, with the Greenlink Interconnector between Ireland and Great Britian (GB) beginning commercial operations in January 2025. Additional interconnection will undoubtedly ease some of the stresses on the Ireland electricity system but the price difference between higher prices in Ireland and lower prices in GB seems likely to remain.

Financial Performance

For much of the financial year this price differential was particularly evident, with high prices in the Single Electricity Market (SEM) and low prices in GB. An increase in wind generation in GB relative to demand assisted in keeping prices low in comparison to the SEM and, similarly, during periods of relatively low wind, higher prices in Ireland occurred as the market required expensive, inefficient generation equipment to run. These price differentials, combined with continuing high levels of availability for the Moyle Interconnector, led to significantly increased revenues in the 2024-25 financial year, with revenues up 26.2% on 2023-24.

At the March 2024 year-end the arbitration process in relation to the restriction without compensation by the System Operator for Northern Ireland (SONI) of Moyle's electricity exports from Ireland to Great Britain had not yet been decided and a provision of £20.2m against a possible unfavourable outcome was made in the accounts for 2023-24. However, in July 2024, the arbitration was resolved in Moyle's favour, with the final determination having been issued in December 2024.

The uplift in revenue from Moyle combined with the reversal of the bad debt allowance in this year's accounts resulted in a profit before tax of £100.9m being recorded.

Supporting Consumers

Supporting Northern Ireland's energy consumers is an integral part of our ethos and the improved cash generation in the Moyle business has provided an opportunity for us to provide increased financial support. In consultation with key stakeholders, the Board has been reviewing its policy on how to best utilise some of Mutual Energy Group's cash to support consumers. The policy considers both investment opportunities that are in the longer-term interests of energy consumers and targeted measures of financial assistance for both domestic and commercial consumers.

Chair's Statement (Continued)

Supporting Consumers (Continued)

The Board had previously set a target of £30m to be returned to consumers from the Moyle business over a five-year period. Following our review, the Board has increased the target to £80m over the next five years. During the current year we returned £3.6m to consumers via the electricity tariff and a further £4m was donated to the Bryson Charitable Group support scheme to assist those living in fuel poverty, with 15,200 households supported by the scheme.

Energy Transition

As well as our commitment to return £80m to consumers, it is intended that funds will be used to further energy transition projects that are in the longer-term interests of Northern Ireland consumers and aligned to our strategic objective of accelerating decarbonisation.

The Group is already working on a number of energy transition initiatives, with particular focus on the "Higher Ground" project which launched in October 2024. This project is exploring the feasibility of developing Pumped Hydro Energy Storage (PHES) to utilise surplus renewable generation at times of oversupply for later release when the output from wind and solar is low. Higher Ground is just one of a number of feasibility projects being assessed by our dedicated energy transition team and we are hopeful that some of these will develop into concrete proposals over time. All the while we continue to be focused on the critical issues that are emerging as Northern Ireland transitions to renewable energy sources.

Our Staff and Stakeholders

Attracting and retaining high performing employees is vital to our business and, on behalf of the Board, I would like to take this opportunity to thank all our staff for their continued dedication and efforts in pursuing our strategic goals throughout the course of this financial year.

I would also like to thank my colleagues on the Board for their support and commitment and take this opportunity to welcome Maureen O'Reilly, who was appointed to the Board in November 2024. Maureen's expertise and knowledge of the Northern Ireland economy will be of great value to the Group.

Finally, I would like to thank our members for their continued commitment and participation during the year.

David Gray
Chairperson
27 June 2025

Chief Executive's Report

At Mutual Energy we have had a successful year operationally, with excellent performance being maintained across both our electricity and gas business streams despite some challenges.

As well as operational stability, I am also pleased to present in this report the progress made in advancing decarbonisation, with Mutual Energy taking the lead on the Higher Ground project which launched in October 2024.

Stable, Reliable Infrastructure

During 2024-25 the Moyle Interconnector generated a record level of cash totalling £58.3m, with excellent availability of 98.5%. Our gas asset availability[1] was 100% across all pipelines throughout the year, with no lost time health and safety incidents[1] reported throughout the Group.

New connections on the gas transmission system are relatively rare and this year we delivered the first new transmission connection in over a decade by providing the connection for gas supply to the Kilroot power station. I would like to commend all our staff who prioritised the delivery of this project, fast tracking the commissioning work to enable the gas station to come on as quickly as possible. Producing electricity from gas instead of coal will save hundreds of thousands of tonnes of CO_2 per year, well in excess of any other energy transition project in the electricity system in many years.

Critical to Northern Ireland's Energy Sector

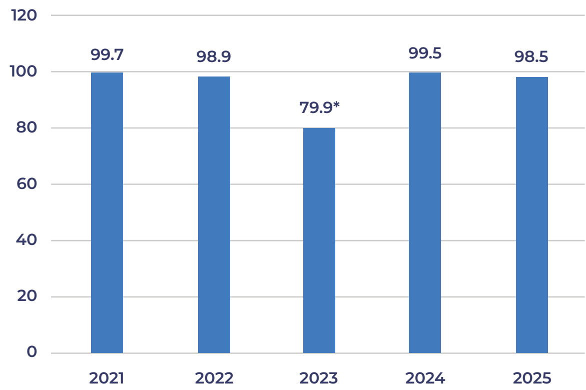
This year highlighted how critical Mutual Energy is to Northern Ireland's energy sector, with unprecedented levels of gas demand recorded during the winter months. During storm Darragh in December 2024, the Ballylumford power station became unavailable as the storm caused damage to one of the plant's chimneys.

The Kilroot station was brought on to run continuously during the Ballylumford plant outage, which occurred initially during a period of low wind levels and cold temperatures. During this period, Northern Ireland's energy sector became heavily reliant on the performance of our gas and electricity assets with 92.8% of electricity used in the working week commencing 9th December relying on our assets.

The gas transmission network was effectively monitored and successfully managed by our team to ensure that there were no instances of loss of supply to shippers during this time.

We could not deliver the excellent level of operational performance without support from our key contractors. SGN for the gas pipelines, and Siemens plc, for the Moyle Interconnector, provide the appropriate technical expertise and capabilities to monitor 24/7 system control rooms and undertake routine maintenance or comprehensive emergency responses when required.

Moyle Interconnector Availability %[1]



** 2023 availability was lower due to the scheduled outages required to replace the Moyle Interconnector control system.*

92.8%
of electricity used in the working week commencing 9th December relied on our assets

[1] *KPI calculation included on page 16.*

Chief Executive's Report (Continued)

Critical to Northern Ireland's Energy Sector (Continued)

The new long term Maintenance and Emergency Response and Project Services contract for the gas businesses was awarded to SGN in November 2024. We look forward to continuing to build upon our existing working relationship with SGN to drive improvements where possible.

Health & Safety Embedded in Our Culture

Our culture places a high emphasis on health and safety, with robust systems in place for the benefit of our employees, contractors and the wider public.

In November 2024 we hosted our Health, Safety, Environment & Wellbeing Seminar for our staff and key contracting partners which provided an opportunity to share valuable best practice advice and ideas, particularly around how to respond to critical incidents and dealing with the consequences of our actions.

Given the reliance on our asset base, I am also pleased to report that in October 2024 the Group achieved re-accreditation for ISO 55001, the internationally recognised standard for the effective and robust management of assets throughout the asset life cycle.

Enabling Access to Lower Carbon Fuels and Evolving Policy

Throughout the year we worked closely with the government, regulators and key industry stakeholders to promote the long-term interests of Northern Ireland energy consumers addressing the critical issues of sustainability, security of supply and affordability.

We have continued our engagement with the Department for the Economy (DfE) to explore the potential for injecting biomethane into the NI gas network, have presented at Hydrogen NI conference, participated in the Green Corridor Project consortium, as well as taking the lead on the Higher Ground Project.

Share in Our Success

During the year, Phillip Shortt, one of our gas engineers, won the internationally recognised Young Persons Paper Competition, run by the Institute of Gas Engineers and Managers (IGEM), for his paper on the work our Group undertook in facilitating the gas connection for the Kilroot power station. We are proud that Phillip and the wider operational team's innovative thinking and efforts were recognised, with the team having provided a new power station connection without any disruption of gas supply to shippers.

Final Thoughts

The projects and initiatives undertaken by the Group in 2024–25 could not have been achieved without the efforts of our staff, who I would personally like to thank for their dedication and support in driving forward the progress made to date. I would also like to thank the Board for their exceptional leadership and commitment over the course of the year.

2025–26 will be a busy year for the Group as many of the energy transition projects progress further. With the dedication and expertise of our staff and leadership team and the high performance of our assets, I have no doubt that our involvement will be required in further energy transition developments.

Patrick Larkin
Chief Executive Officer

27 June 2025

Financial Review

Revenue
£147.2m
2024: £116.6m
+26.2%

Operating Expenditure
£57.1m
2024: £53.6m
+6.5%

Profit Before Tax
£100.9m
2024: £15.4m
+553.8%

Net Assets
£137.6m
2024: £62.4m
+120.6%

Cash Balance[1]
£280.5m
2024: £201.6m
+39.1%

Finance Director's Statement

I am pleased to report on the strengthened financial performance of the Group this year, which resulted in a profit before tax of £100.9m (2024: £15.4m). This increase in profitability was achieved by a significant growth in electricity revenue alongside the reversal of the prior year bad debt allowance of £20.2m following the favourable outcome of the arbitration case in July 2024.

This year's unprecedented financial performance provides the Board with an opportunity to invest in initiatives that could deliver long-term value to Northern Ireland energy consumers. Whilst the new Greenlink Interconnector operating within the market is expected to reduce revenue in the coming years, the increased level of interconnection will help lower Northern Ireland wholesale electricity prices.

Gerard McIlroy
Finance Director

27 June 2025

Revenue

Net revenue increased by 26.2% to £147.2m (2024: £116.6m) with growth mainly generated from revenue from power transfers for the Moyle Interconnector. An increased level of electricity imports from Great Britain contributed to the higher revenues from power transfers during the current year of £69.9m (2024: £40.3m).

Capacity market income also continued in an upward trend with £16.0m (2024: £12.0m) recorded for 2024 -25. This increase was expected given the growth in the value of the capacity contracts secured, with this trend set to continue into future years. As expected, a reduction in tariffs during 2024-25 resulted in system services income declining to £10.4m (2024: £15.0m).

The overall uplift in electricity revenues was partly offset by the tariff rebate that was returned to energy consumers totalling £3.6m (2024: £3.0m).

Gas revenues of £54.5m (2024: £52.2m) were recorded for 2024-25, with this revenue primarily earned through the 'postalised' tariff system, which is designed to recover our gas businesses' full operating costs and debt payments each year. The increase in gas revenues in the year has a direct correlation to the uplift in the cost base, with further details provided in the following pages.

During the first half of the 2024 – 25 gas year, the gas revenues collected through the 'postalised' tariff system were significantly higher than forecast. A key driver for this uplift was that the less efficient Kilroot power station was running frequently during the month of December when the Ballylumford power station was not operational.

This led to an increased level of capacity sales at higher winter prices, resulting in a large over-recovery. Instead of waiting until the end of the current gas year, in order to act in the best interests of the Northern Ireland consumers, this over-recovery was highlighted to the Utility Regulator in February 2025, who approved a mid-year tariff reduction effective from 1st April 2025.

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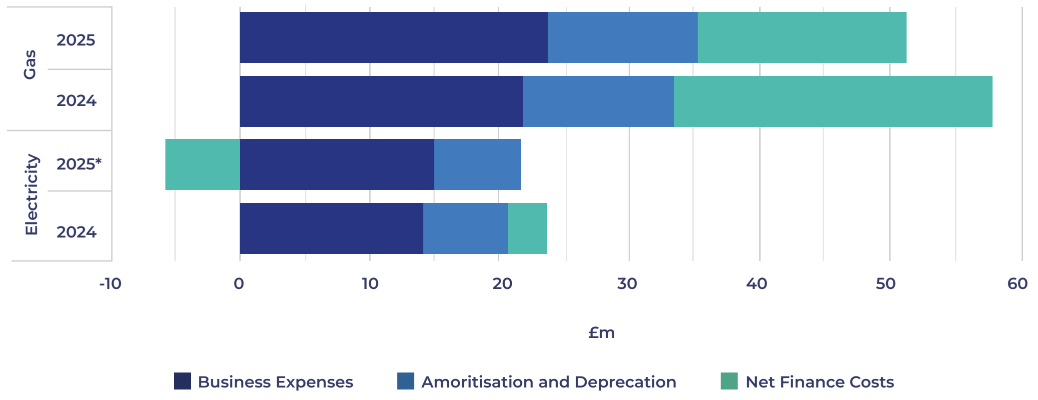
[1] *Cash balance includes cash held on deposit which is classified as financial assets.*

Financial Review (Continued)

Split of Costs by Expense Type



** For the electricity business, 2024-25 net finance costs are a credit balance as finance income exceeded finance costs.*

Expenditure

Operating Expenditure

Operating expenses, which includes business expenses, amortisation and depreciation costs, in 2024-25 totalled £57.1m (2024: £53.6m), with this uplift mainly driven by an increase in the gas business expenses.

Gas business expenses have risen from £21.9m in 2023-24 to £23.6m in 2024-25 due primarily to higher control centre, maintenance and site supervision costs, as well as regulatory licence costs and the upstream network costs charged by Gas Networks Ireland.

Electricity business costs have risen by a lesser extent, with an overall increase of £0.8m to £15.0m (2024: £14.2m) due mainly to the uplift in the Bryson Charitable Group donation. Business expenses, excluding donations, marginally increased by £0.1m, with higher imbalance charges and insurance costs offset by reductions in maintenance and legal fee costs in the year, with legal costs having declined as higher costs were incurred in 2023-24 in relation to the arbitration case.

Staff costs across both operational streams, included within business expenses noted previously, increased to £4.5m (2024: £4.1m) largely attributable to the rise in average employee headcount, which increased from 39 employees in 2023-24 to 43 for the current year.

Total amortisation and depreciation costs (net of government grants) of £18.4m (2024: £18.2m) were expended, with costs aligned to the prior year.

Other Operating Income

Other Operating Income of £0.6m (2024: £Nil) relates to the recovery of Moyle's legal costs following the arbitration case.

Financial Review (Continued)

Finance Income and Costs

With our assets 100% debt funded, finance costs represent a significant proportion of the total cost base. The Group's bonds and guaranteed secured notes are index-linked, which means that the debt outstanding is recalculated semi-annually to reflect the impact of changes in the reference indexation rate (RPI), with the resulting increase in debt outstanding recognised as a finance cost in the profit or loss. Whilst any inflation costs will ultimately be paid to the lenders over the life of the debt, the impact of inflation on finance costs and cash paid within each period are not aligned.

Finance costs for 2024-25 totalled £29.2m (2024: £39.1m), with this significant reduction being the result of the decline in inflation rates.

Finance income, excluding fair value movement in derivatives, totalled £14.4m (2024: £10.2m), with the increase being due to higher cash balances held during the year and interest income receivable on amounts owed under the legal dispute.

Electricity finance income exceeded finance costs due to the high cash balances held and additional interest income noted above.

Fair Value Adjustment on Financial Derivatives

Included within our financing structure is a fixed rate bond and an inflation swap derivative. This derivative is reassessed annually at its market value, with the variance forming part of the total finance costs. This year the derivative financial instrument was valued at £37.5m (2024: £42.2m), resulting in a fair value credit adjustment of £4.7m (2024: £1.6m credit).

Balance Sheet

The Group's balance sheet position has strengthened significantly, with net assets for the Group totalling £137.6m at 31st March 2025 (2024: £62.4m).

Capital Expenditure

Capital additions, excluding right-of-use assets, in 2024-25 totalled £2.0m, with the expenditure invested in projects and system upgrades that align with the Group's strategic objectives.

For the electricity business, the main investments related to the development of an Uninterruptible Power Supply (UPS) and installation of a solar array at the Ballycronan-More site, both ongoing and included within "Assets under Construction" at 31 March 2025, as well as the remaining costs of installation of fire detection panels.

For the gas businesses, capital expenditure in the year includes electrical system upgrades and meter replacements across various gas sites.

Cash Balance

Our cash balance (including cash held on deposit which is classified as financial assets) at the year end was strong at £280.5m (2024: £201.6m), as a result of the additional revenue generated by the Moyle Interconnector during the year.

As a Group we have an obligation to hold sufficient levels of cash under our debt financing arrangements, but with such exceptional cash levels at this year end, the Board have decided to return £80m to consumers over the next five years.

Cash Balances (£m) split by business[1]	2025	2024
Electricity	184.3	126.0
Gas	88.5	69.9
Other	7.7	5.7
Total group cash[2]	**280.5**	**201.6**

[1] KPI definition included on page 16.

[2] Cash balance includes cash held on deposit which is classified as financial assets.

Financial Review (Continued)

Debt Financing and Cost of Capital

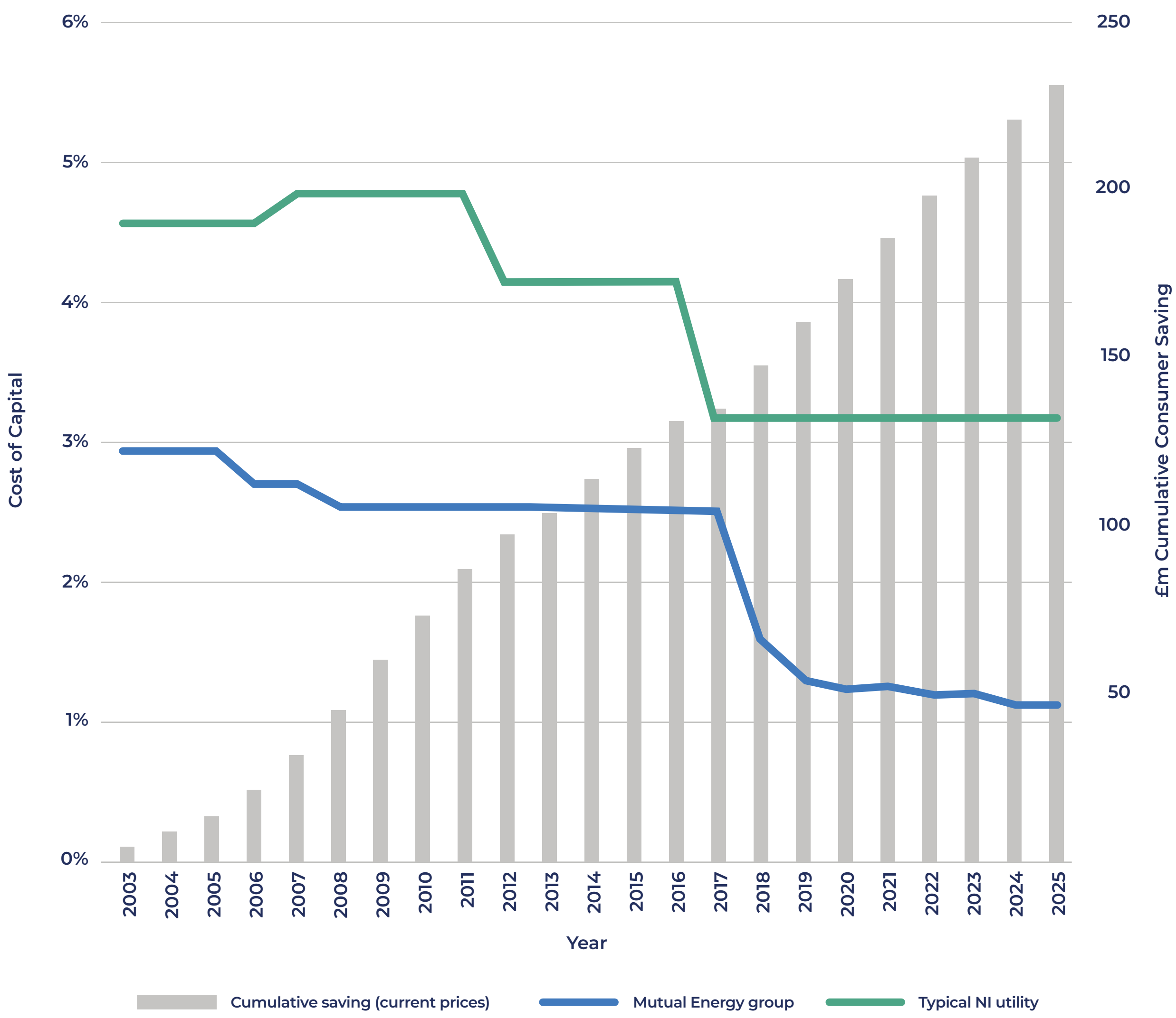
As our infrastructure assets are 100% debt financed, we assess the overall cost impact of our investments on Northern Ireland energy consumers.

The savings from our low cost of capital is therefore a key measure of the Group's performance. We calculate this by comparing our financing costs to costs which would have been incurred if our debt was financed at the rates charged by a comparative NI energy utility.

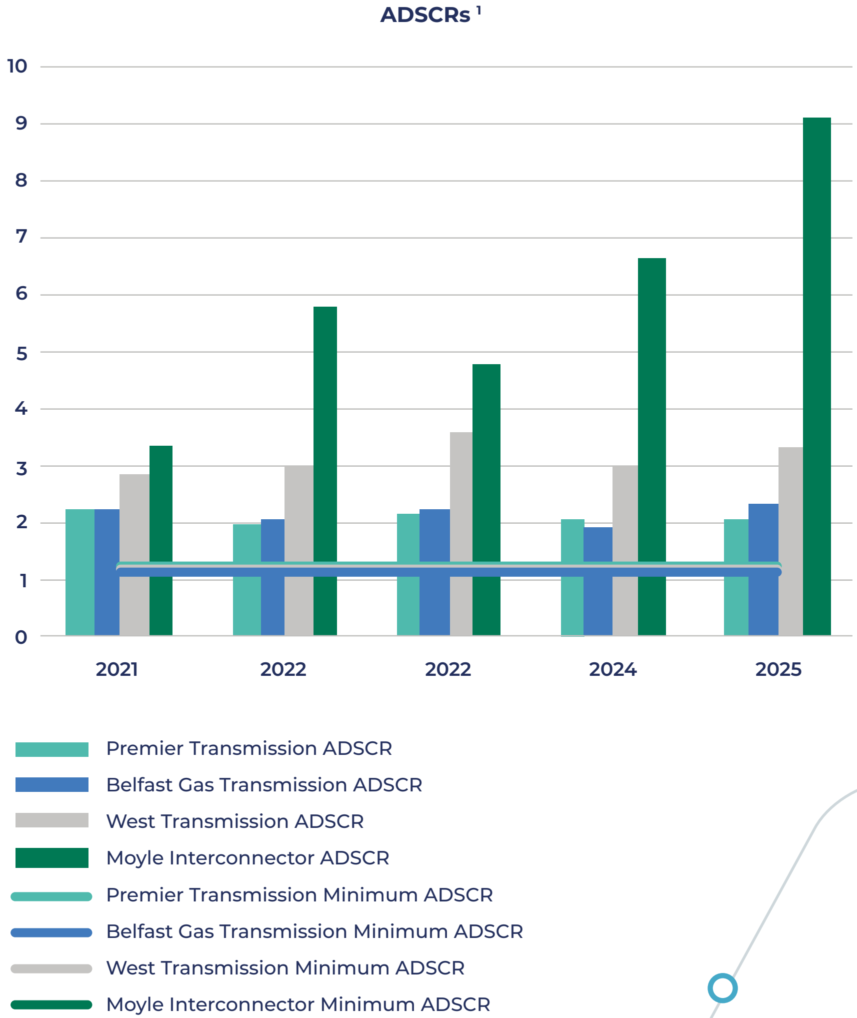
Our average real cost of capital for 2024-25 was 1.11% compared to 3.18% for a typical Northern Ireland utility company. Our lower cost of capital has generated cumulative savings of £231.5m since 2003, which is a significant saving attained on behalf of energy consumers and reflects the benefits of operating as a mutual company.

[1] *KPI definition included on page 16.*

Cost of Capital Savings vs Comparator (March 2025 Prices)[1]



Financial Review (Continued)



Annual Debt Service Cover Ratio (ADSCR)

Another key performance measure for the Group is the debt service cover ratio which assesses the ability of our entities to pay the principal and interest payments under the debt financing. As shown in the ADSCR graph, the four main operating entities have exceeded the minimum levels required.

[1] *KPI definition included on page 16.*

Strategic Review

At Mutual Energy we continue to work towards delivering the Group's five strategic priorities, as approved by the Board. The efforts across our operational teams during this year demonstrate the commitment to these objectives with the table below illustrating the progress made against each individually.

Strategic Objectives	Strategic Definition	Importance	Performance Measures	Performance Against Strategy
1. Operate assets safely and cost effectively	Operate assets safely and cost effectively, outsourcing where appropriate.	Safety of our staff, contractors and wider community is paramount.	1. Asset availability. 2. Number of lost time incidents. 3. Maintain ISO 55001 standard for asset management. 4. Contractor KPIs monitored as part of effective contract management processes.	• 100% gas asset availability and 98.5% Moyle interconnector availability during 2024-25. • No lost time incidents during the current year. • ISO 55001 (Asset Management System) re-certification achieved in October 2024. • All critical contractor KPIs met.
2. Generate and return savings to Northern Ireland consumers	Deliver savings to current and future Northern Ireland consumers over the life of the assets.	Affordable energy costs are a priority for consumers.	1. Cash returns to energy consumers. 2. Cumulative savings generated based on our average cost of capital rate compared to an NI energy utility comparator. 3. Sufficient levels of cash generated.	• Total of £7.6m returned to consumers via tariff or targeted payments during 2024-25. • Cumulative savings of £231.5m since 2003 based on 1.11% average cost of capital vs 3.18% for a typical Northern Ireland utility. • Strong cash inflows of £78.9m, with £58.3m cash generated from Moyle Interconnector.
3. Accelerate decarbonisation	Take an active role in collaboration with key stakeholders in the acceleration of decarbonisation through interventions and investments which benefit Northern Ireland energy consumers.	Increased focus on sustainability, by energy consumers and by society as a whole.	1. Annual CO_2 savings as a result of consumers switching to lower or renewable energy sources. 2. Targets set for reducing carbon emissions, with actual results monitored against these. 3. Collaboration with key stakeholders on energy transition incentives.	• Total CO_2 savings for the current year of c963,000 tonnes. • 2024-25 emissions below 2020 base year, with good progress made towards the Group's 30% reduction target. • Gold status achieved in Northern Ireland's Business in the Community's annual environmental benchmarking survey 2024. • Involvement in a number of renewable energy initiatives.
4. Manage risk on Northern Ireland's consumers' behalf	Manage market change and regulatory development to minimise risks to the Northern Ireland consumer.	Protect consumers from market changes and adverse regulatory decisions.	1. Participation in key government initiatives or discussions. 2. Compliance with our regulatory licences.	• Achieved equitable treatment for costs arising from System Operator actions restricting the Moyle Interconnector. • Gained regulatory approval for enhanced strategic gas network planning and Memorandum of Understanding (MOU) agreed with SONI to ensure consistency and whole system planning which will protect the long-term interests of consumers.
5. Invest in energy infrastructure	Over the long term to acquire or develop stable energy infrastructure assets at low cost to benefit the Northern Ireland consumer.	Affordable and stable energy supply for consumers.	1. Cumulative savings generated based on our average cost of capital rate compared to another NI energy utility. 2. Maintaining investor confidence through adequate debt service cover ratio (ADSCR). 3. Quality projects presented to the Board that are delivered successfully.	• Cumulative savings of £231.5m since 2003 based on our average cost of capital. • Minimum ADSCRs achieved across all entities. • Capital expenditure in the year aligned to strategic goals, with addition of solar panel array at Ballycronan More and investment in electrical systems and meters at gas sites.

Key Performance Indicators (KPI) Calculations

Cost of Capital v an NI Comparator

The Group incurs financing costs in respect of debt entered into for the purpose of the business. The Group's average cost of capital is compared to the costs which would have been incurred if financed at the rates charged by a Northern Ireland energy utility comparator over this period.

The KPI is the savings made as a result of the lower cost of capital than the comparator company. The savings are calculated as the cost which would have been incurred by a comparator financing the Group's debt compared to the costs actually incurred.

Availability

$$\frac{(\text{Capacity Available} \times \text{Hours Available})}{(\text{Total Plant Capacity} \times \text{Hours in Year})}$$

NB unavailability excludes upstream outages.

Total plant capacity relates to capacity under existing connection agreements.

Lost Time Incidents

Lost time incidents are calculated as the number of lost time incidents per 100,000 hours worked by staff and contractors.

Cash Generated from Operations

Cash generated in each of the businesses post tax.

Annual Debt Service Cover Ratio

The Annual Debt Service Cover Ratios are calculated in accordance with the terms of the bonds for each operational company. The basis of calculation is Available Cash / Debt Service in the next 12 months.

In each case Available Cash = the difference between income and expenses in the period + cash in designated bank accounts, where cash in the designated bank accounts is limited to 1x Debt service.

CO_2 Savings

Enabling Switching to Lower Carbon Fuels

CO_2 savings from facilitating our consumers moving to lower emitting fossil fuels.

Domestic Heating

The lifetime saving associated with a connection is calculated using Northern Ireland average consumption and applying CO_2 conversion factors for oil vs gas based on UK government figures over an assumed 15 year life.

The total for the year is calculated by multiplying by the number of new domestic gas connections in the year using figures from the Utility Regulator ('NIAUR') Quarterly Transparency Reports.

Industrial and Commercial

The annual CO_2 saving from industrial and commercial consumers burning natural gas compared to CO_2 emissions which would have been generated had the consumers been operating on oil. The annual consumption from medium and large industrial and commercial consumers on the Northern Ireland network is taken from the quarterly transparency report from NIAUR and the CO_2 savings are calculated by applying CO_2 conversion factors for oil vs gas based on UK government figures.

Power Generation

The annual CO_2 saving of connecting a unit to the gas network is the emissions of the gas burned in a year compared to the emissions that would have been generated had that unit been operating on another fuel.

The comparison fuel is power station specific and dependent on its historic fuel, and the calculation uses the UK Government GHG Conversion factors as appropriate. Where the capacity of a unit has changed as part of the gas conversion process, we only compare new emissions to the lower of the old and new generation capacity. Only plant connected in the timeframe Mutual Energy owned the pipelines are included.

Greening the existing networks – developing options for lower or zero emission fuels to transport through the networks

Biomethane Injection

CO_2 savings from connecting low CO_2 gas producers are calculated by comparing the CO_2 content of gas from the UK Government to the content of the gas injected.

Electricity Interconnector

To calculate the CO_2 savings associated with the Moyle Interconnector, the calculation determines the carbon intensity of each system by weighting the carbon emissions per MW of the marginal unit by the proportion of non-renewable generation on the system in each hour time period. It then multiplies this difference in the carbon emissions per MW by the actual flow on Moyle. This gives the total carbon savings of Moyle each hour. We then sum these hourly figures across the year to give total CO_2 savings resulting from Moyle.

CO_2 Saved in Group Operations

CO_2 usage is calculated using UK Government greenhouse gas reporting conversion factors published by the Department for Energy Security and Net Zero, in line with the 2019 HM Government Environmental Reporting Guidelines).

Responsible Business Reporting

With people at the core of our strategy, the Group has a responsibility to conduct its business in the best interests of Northern Ireland energy consumers, our employees and the wider community. We act responsibly by considering sustainability, inclusivity and diversity across our business operations.

Accelerating Decarbonisation

One of our five strategic priorities is to accelerate decarbonisation, through collaboration with key stakeholders to identify initiatives and projects in response to the pressing environmental challenges. With a dedicated energy transition team and an environmental subcommittee established to support the Board in integrating sustainability across our decision-making processes, a three-tier strategic response plan has been developed that is outlined below.

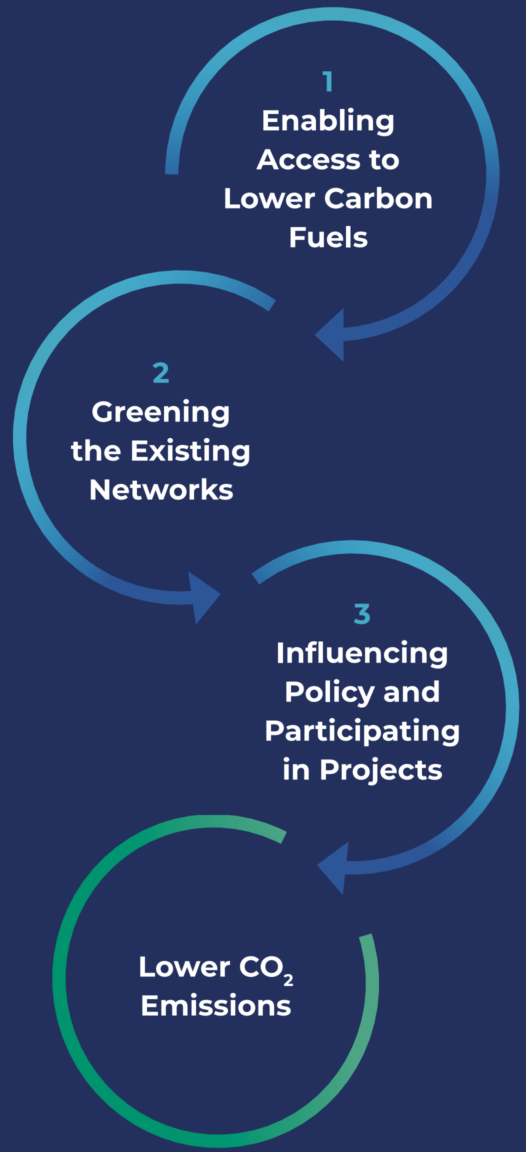
A fourth environmental goal is also in place for the Group which has an operational focus on reducing emissions through our own day-to-day activities. However, given the nature of our business as a gas and electricity operator, a greater level of CO_2 savings can be achieved through our three strategic environmental goals than through our own operational efforts.

1. Enabling Access to Lower Carbon Fuels

The most immediate way to reduce CO_2 emissions is through facilitating domestic and commercial consumers to switch from higher CO_2 emitting sources to lower emitting gas, often by moving from oil to gas for heating purposes. By enabling these switches to lower carbon fuels for commercial consumers, our Group are facilitating CO_2 savings for other businesses across Northern Ireland.

Included for the first year since coming online, the 2024-25 CO_2 savings table and graph on page 18 capture the carbon savings from the Kilroot power station converting their fuel source from coal to gas. The old coal fired turbine at Kilroot was replaced by a gas fire turbine, with our Group having facilitated the connection to the gas network and associated CO_2 savings during 2023-24.

The Moyle Interconnector also generates CO_2 emissions savings as it provides a core tool in managing the electrical system to accommodate intermittent generation such as wind and solar. In times of high wind in Ireland the wholesale electricity price tends to fall and the interconnectors tend to export to GB. When intermittent generation produces low levels of output, the wholesale price generally rises and the interconnectors tend to import power from GB, often essential to keeping the system operating. This process consistently results in saving CO_2 emissions, which are also reflected in the table and graph on page 18.



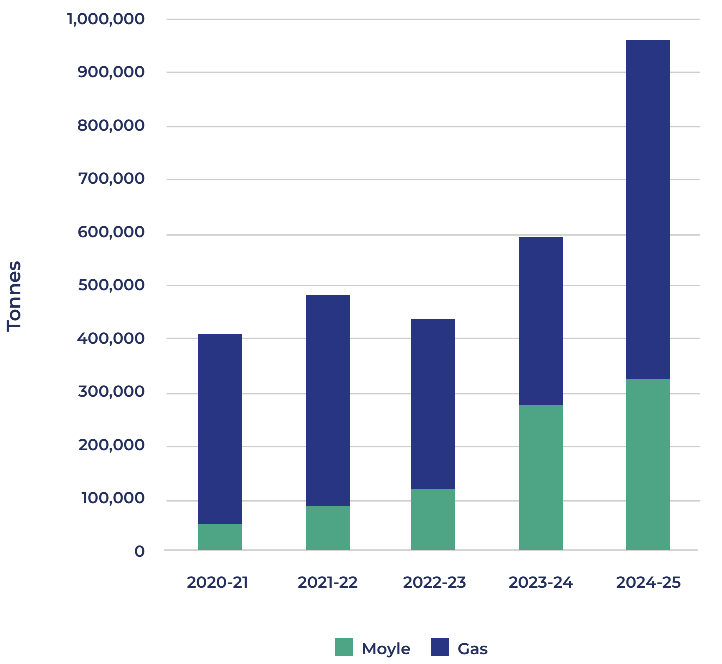
Responsible Business Reporting (Continued)

Accelerating Decarbonisation (Continued)

The results for 2024-25 are shown in the table below, with the graph showing the savings generated across the last five years.

- c**325,000** tonnes avoided due to the Moyle Interconnector enabling Transmission System Operators (TSOs) to access cleaner energy sources.[2]
- **10%** of Northern Ireland's electricity generated from wind exported by the Moyle Interconnector (0.2TWh) displacing higher carbon alternatives in Great Britain.[1]
- **9,900** new domestic gas connections facilitated, resulting in lifetime saving of c**86,000** tonnes CO_2.[1]
- Commercial gas consumers saved c**223,000** tonnes of CO_2 in the year when compared to using oil.[1]
- Facilitated savings of c**329,000** tonnes of CO_2 during the year by enabling the Kilroot power station to convert its fuel source from coal to gas.[3]

CO_2 Savings [1]



[1] *KPI definitions are included on page 16.*

[2] *We used an outside party, **WattTime**, to provide the current year data on the marginal emissions of the plant on the electrical systems in GB and in Ireland, from which we can determine, on an hour-by-hour basis, the CO_2 content and the effect the interconnector has.*

[3] *Based on average efficiency for coal and gas plants and the actual gas usage in the year.*

Responsible Business Reporting (Continued)

Accelerating Decarbonisation (Continued)

2. Greening the Existing Networks

The Group have been evaluating how to use our assets to enable the transportation of lower or zero carbon emission fuel, as well as how to store surplus renewable energy for later use in the network. As Northern Ireland has legally committed to net zero by 2050 under the Climate Change Act (Northern Ireland) 2022, a key to help deliver this target will be the investment in large-scale energy storage.

Mutual Energy is the project leader on the Higher Ground Project, which is currently at the feasibility stage of exploring the concept of using a Pumped Hydro Energy Storage (PHES) to absorb surplus renewable energy, at times when Northern Ireland produces more supply than required, to be released later when there are periods of lower wind or solar. This would be the first local PHES scheme in Northern Ireland, and involves a research and development aspect on the use of saltwater. Pumped hydro is being used successfully in other parts of the world and could provide a technical solution to some of the major challenges in Northern Ireland's efforts to decarbonise. Spend of £0.7m has been incurred in the year.

With biomethane already injected into the gas distribution network in Northern Ireland, we are working on facilitating the injection into the transmission system.

3. Influencing Policy and Participating in Projects

For Northern Ireland to decarbonise it is a necessity to green both the gas and electricity networks and convert other users to these energy vectors. Substantive progress will only be achieved if the government issue clear policy directives in support of these renewable energy sources. The Group regularly attends engagements with government and regulatory bodies to ensure that we are at the forefront of discussions that will impact energy consumers.

The Group has continued its involvement in a maritime 'Green Corridor Project' which plans to use hydrogen to created methanol for ferry use. This project is very much aligned to our strategy of partnering with other organisations to leverage a variety of skills, with the same shared objective of accelerating decarbonisation.

4. Operational Performance on Greenhouse Gas Reduction

The greenhouse gas emissions table and explanations provided on pages 20-22 depict an overall reduction in our emissions for the current year, against both the restated 2019-20 base year and the 2023-24 figures. This decline has mainly been achieved from repair work to the gas pipelines, which has reduced fugitive emissions. During 2024-25, other key progress to increase energy efficiency includes:

- **Installation of a 200KW solar panel solution is nearing completion at our Ballycronan More site.**
- **Planning for a similar solar grid connection and installation at the Auchencrosh site is underway.**
- **Feasibility study of renewable options such as solar thermals undertaken at Torytown Above Ground Installation.**

Responsible Business Reporting (Continued)

Greenhouse Gas Emissions

The table on page 21 displays our Group emissions on both a market-based method (which takes account of instruments and contracts in place e.g. green electricity contracts) and the location-based method (which calculates emissions from the energy used within the region, ignoring any contracts in place) as recommended by the US Environmental Protection Agency.

In preparing our emissions table, we have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

All energy consumption and emissions are in respect of UK operations and emissions have been calculated using UK Government greenhouse gas reporting conversion factors, in line with the 2019 HM Government Environmental Reporting Guidelines. As Northern Ireland electricity production has a higher CO_2 content than the UK, we expect that if we were able to use conversion factors for Northern Ireland the emissions reported would be higher.

The reporting is based on the best information available at that time, using estimates where actual data is not available.

Adjusted 2019-20 Base Year Emissions

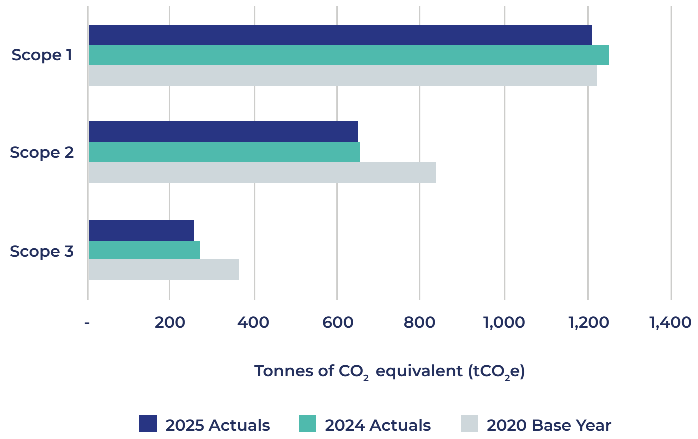
The Group's 2019-20 base year Scope 1 emissions, which were originally reported as 2,526 tonnes of CO_2 equivalent (tCO_2e) have been adjusted to 368 tCO_2e, both within the graph opposite and in the tables reported on pages 21-22. This adjustment to the base year figures reflects the more accurate methodology applied to the measurement of our fugitive emissions.

The original base year fugitive emissions were calculated using a recognised European estimations model, which is based on average industry emissions. Although we anticipated that the actual level of gas expelled from our pipelines would be lower than the estimations model given the age profile of some of our assets, the results of this methodology significantly differ to the results of Leak Detection and Repair (LDAR) exercises that were undertaken during 2023-24 and 2024-25. Accordingly, we have reduced fugitive emissions for the base year to reflect the 2023-24 survey results.

The 2019-20 base year emissions were not adjusted in the 2023-24 Annual Report as the LDAR exercise had only been undertaken for the first time. In order to validate the accuracy of the exercise and to facilitate the year-on-year comparison of results, the exercise was repeated during 2024-25, with the current year survey testing new sites, as well as sites previously tested in prior year.

Consequently, as the current year LDAR survey results substantiate the 2023-24 results, the Group has updated the 2019-20 base year fugitive figure to reflect the results of the LDAR exercise instead of using the estimations model which is significantly higher. This will ensure the comparability and consistency of our emissions data year-on-year, with further LDAR surveys planned to measure fugitive emissions going forward.

Location-Based Greenhouse Gas Emissions



Responsible Business Reporting (Continued)

Greenhouse Gas Emissions (Continued)

We are pleased to report on a continued downward trend in our emissions, against both the restated 2019-20 base year and the 2023-24 figures. The most significant reduction in the current year when compared to the prior year was for fugitive emissions, which reduced following the LDAR carried out late in 2024-25. The survey exercise that was undertaken 2023-24 led to repair work on the gas pipelines, which has proven effective in reducing emissions. In particular, for two of the sites tested in 2023-24, and for which leaks were detected, a notable reduction in fugitive emissions of c.74% was achieved following tightening work undertaken on these areas of the pipeline.

	Location-Based Calculation				Market-Based Calculation		
	2025	2024	Restated Base Year: 2020	Movement Against 2020 Restated Base Year	2025	2024	Restated Base Year: 2020
Scope 1 emissions:							
Usage of gas in operations (tCO_2e)	848	869	849	▼	848	869	849
Heat, steam and cooling purchased for own use (tCO_2e)	4	3	5	▼	4	3	5
Fugitive and other Scope 1 Emissions (tCO2e)[1]	354	377	368[1]	▼	354	377	368[1]
Total Scope 1 emissions	**1,206**	**1,249**	**1,222**	▼	**1,206**	**1,249**	**1,222**
Scope 2 emissions:							
Electricity consumption at gas sites (tCO_2e)	70	67	89	▼	0	14	89
Electricity consumption at convertor stations (tCO_2e)	575	581	741	▼	0	0	741
Electricity purchased for own use (tCO_2e)	5	5	6	▼	0	5	6
Total Scope 2 emissions	**650**	**653**	**836**	▼	**0**	**19**	**836**
Scope 3 emissions:							
Group business travel and commuting	48	63	76	▼	48	63	76
Main sub-contractor emissions	209	206	286	▼	209	206	286
Total Scope 3 emissions[2]	**257**	**269**	**362**	▼	**257**	**269**	**362**
Total annual emissions (tCO_2e)	**2,113**	**2,171**	**2,420**	▼	**1,463**	**1,537**	**2,420**

[1] *Base year Scope 1 fugitive emissions have been adjusted from 2,526 tCO_2e to 368 tCO_2e to reflect more accurate methodology, which is explained in more detail on page 20.*

[2] *Scope 3 emissions reflect other indirect emissions, including supply chain. Reporting of scope 3 emissions is not mandatory for the Group but has been reported for the two main subcontractors and Group business travel and commuting. Best estimates have been included, where necessary, while we continue to develop our emissions tracking system for this classification.*

Responsible Business Reporting (Continued)

Greenhouse Gas Emissions (Continued)

The table below outlines the energy intensity ratio for the current and prior financial years and restated base year 2019/20. The Group's overall intensity ratio has decreased against the base year as a direct result of the movements in carbon emissions noted on the previous page, with a marginal decrease between the current year and prior year ratios. Information relating to the further measures the Group are undertaking to increase energy efficiency are reported on page 19.

	Location-Based Calculation				Market-Based Calculation		
Energy Consumption:	**2025**	**2024**	**Restated Base Year: 2020**	**Movement Against 2020 Restated Base Year**	**2025**	**2024**	**Restated Base Year: 2020**
Usage of gas (GWh)	4.7	4.8	4.7	-	4.7	4.8	4.7
Usage of electricity (GWh)	3.1	3.1	3.2	▼	3.1	3.1	3.2
Total annual energy usage (GWh)	**7.8**	**7.9**	**7.9**	▼	**7.8**	**7.9**	**7.9**
Total Scope 1 and 2 emissions	1,856	1,902	2,058	▼	1,206	1,268	2,058
Intensity Ratio - Scope 1 and 2 emissions per GWh of gas or electricity transmitted	0.19	0.20	0.22	▼	0.12	0.14	0.22

Responsible Business Reporting (Continued)

Understanding Our Stakeholders

Engagement with our key stakeholders is important to ensuring that we understand their specific interests and how our business actions impact each group. Mutual Energy is committed to acting fairly between our stakeholder groups, with high ethical standards and our corporate values underpinning any stakeholder engagement.

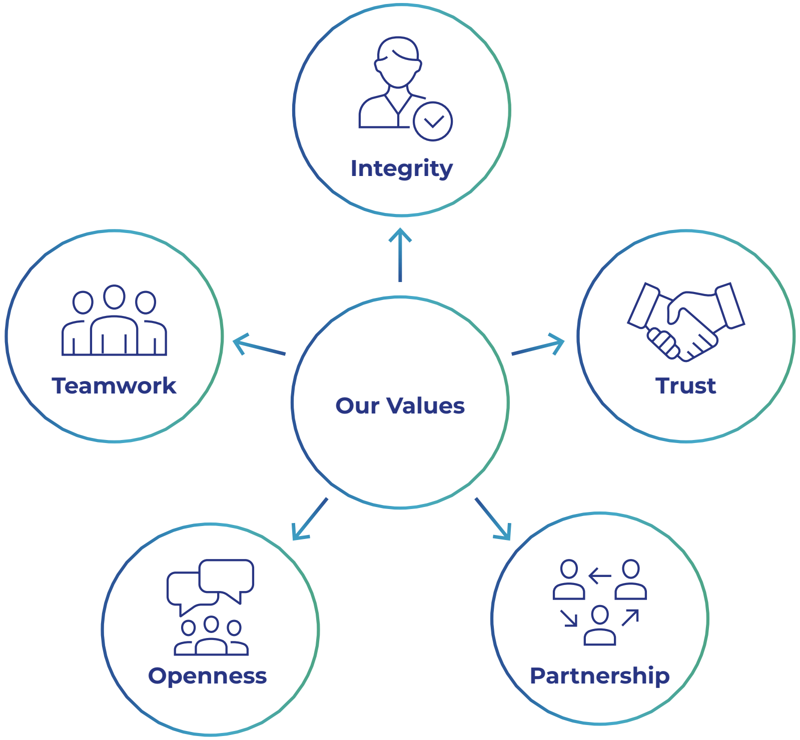
To Invest in Infrastructure for the Benefit of the Northern Ireland Consumer							
Stakeholders	**Shippers**	**Employees**	**Partners, Contractors & Suppliers**	**Members**	**Financiers**	**Regulators/ Government**	**Consumers**
Importance to us	Our assets supply gas shippers and electricity operators. 22 gas shippers registered to use the Northern Ireland gas network.	Attract and retain high performing staff. Staff should feel fairly rewarded for their efforts and engaged to make valuable contribution to our business activities.	Collaborative and trusted working relationships, particularly as we rely on contractors for maintenance of our assets.	Effective review of the Group's decision making and performance.	Rely on their funding to support significant capital investments and for approval of material changes.	Policy development and regulatory issues impact how we operate.	Consumers are at the heart of our strategic objectives.
What matters most to them	- Stable and reliable infrastructure - Appropriate monitoring of asset performance	- Health and safety - Training and development - Balanced remuneration package - Inclusion and engagement	- Health and safety - Creditworthiness - Regular engagement and collaborative working style	- Being adequately informed to challenge the actions of the Board - Changes to policy or regulation that would impact consumers	- Financial stability and operational success - Group's ability to pay back debt as it falls due	- Cost efficient operations - Our response to sustainability issues and how our assets could be used to help achieve the government's climate targets - Compliance with licence terms	- Affordable energy costs - Protected from changes in government or market policy - Response to climate change matters
How are we responding	- Shipper Forums - ISO55001 Accreditation - Joint consultations with gas network operators on renewable initiatives	- Health, Safety, Environment & Wellbeing seminar - Development framework - Feedback surveys - Weekly group update - Quarterly business updates - Remuneration linked to Group performance	- Robust contract management - Site inspections - Emergency response testing - RoSPA audit - Regular engagement through formalised meetings	- AGM - Quarterly newsletters - Members' day & site visit - Meetings with the Regulator - Membership Committee in place - One-to-one meetings with Chair	- Formalised reporting - Compliant with covenants and financial reporting requirements - Engagement in annual ratings review process	- Budget control processes in place to ensure that operations are cost effective - Regular meetings - Participation in government funded initiatives - Involvement in 'Call for Evidence' (CfE) proposals	- Consistent returns to consumers year on year - Donations to charitable group to support fuel poverty - Meetings with Northern Ireland Consumer Council - Initiatives undertaken through the Business in the Community programme
Read more	**Chief Executive's Report** Pages 8-9 **Strategic Review** Page 15	**Chair's Statement** Pages 6-7 **Our Employees** Pages 24-26	**Chief Executive's Report** Pages 8-9 **Strategic Review** Page 15	**Strategic Review** Page 15 **Membership Selections Committee & Members** Pages 53-56	**Group Structure** Page 98 **Financial Review** Pages 10-14	**Strategic Review** Page 15 **Accelerating Decarbonisation** Pages 17-19	**Chair's Statement** Pages 6-7 **Strategic Review** Page 15

Responsible Business Reporting (Continued)

Understanding Our Stakeholders (Continued)

The Directors have acted in good faith to promote the success of the Company for the benefit of its members as a whole. In doing so, as a minimum, they have given regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, with sections (b) to (d) covered in the table on page 23 which outlines the interests of our employees, the need to foster business relationships with our suppliers, our customers (shippers) and others and furthermore, the impact that our business operations has on the community and environment.

Sections (a) and (f), which consider the likely consequences of any decision in the long term as well as the need to act fairly between the members of the company, are at the core of our Group strategic objectives as detailed on pages 5 and 15, with section (e) the desirability of the company to maintain a reputation for high standards of business conduct as illustrated opposite through our Group values and business etiquette.



Our Employees

Our supportive and collaborative cultural tone is set by the Board, which is illustrated through the Group's core values above. These values are embedded across the Group, having been communicated to employees through our Business Principles and Code of Ethics policies, as well as through our regular team engagements. We recognise how important our staff are, and we want each individual to feel valued as part of Mutual Energy Group through a shared sense of purpose, inclusion and respect.

Responsible Business Reporting (Continued)

Our Employees (Continued)

To attract, develop and retain high performing employees we have developed initiatives and KPIs that are important to our staff as shown in the table below.

Recognition & Reward

Our staff should feel fairly rewarded for their efforts.

- **Share in success** with employee remuneration linked to company performance across the Group.
- 6-monthly strategy and performance events are held to ensure staff are informed and share in the Group's vision and purpose.
- Personal performance evaluation system in place which sets targets and rewards staff for personal and team efforts.

Learning & Development

We want to support and develop our staff in their careers.

- **Development Framework** is used to identify training needs, formalise progression plans and to support cross team transitions.
- Training is encouraged and monitored to ensure employees continue to have opportunities to develop their existing skill set.
- **KPI:** 6.4 training days per employee in 2024-25 (2023-24: 3.6 days).

Diversity & Inclusion

An inclusive workplace where all staff feel respected.

- Committed to recruiting and promoting individuals on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability.
- Equality, Diversity and Inclusion are embedded in Group policy and practices.

Health & Wellbeing

We want to protect the physical and mental wellbeing of our staff.

- **Private medical insurance** is provided to employees and their immediate family.
- **Biennial health assessments**, and other health and wellbeing support is available to employees.
- **KPI:** Our annual absenteeism rate of 2.2 days per employee (2023-24: 2.8 days) for 2024-25 is well below the 2024 UK average of 4.4 days.

Sustainability Schemes

We recognise that reducing our carbon footprint is a team effort.

- **Electric vehicle scheme** introduced for all employees, with free charging points installed at the office.
- Staff have opportunities to get involved in Business in the Community initiatives and have collaborated with SGN to support the Royal Society for the Protection of Birds at the Portmore Lough nature reserve during the year to encourage wildlife growth.

Responsible Business Reporting (Continued)

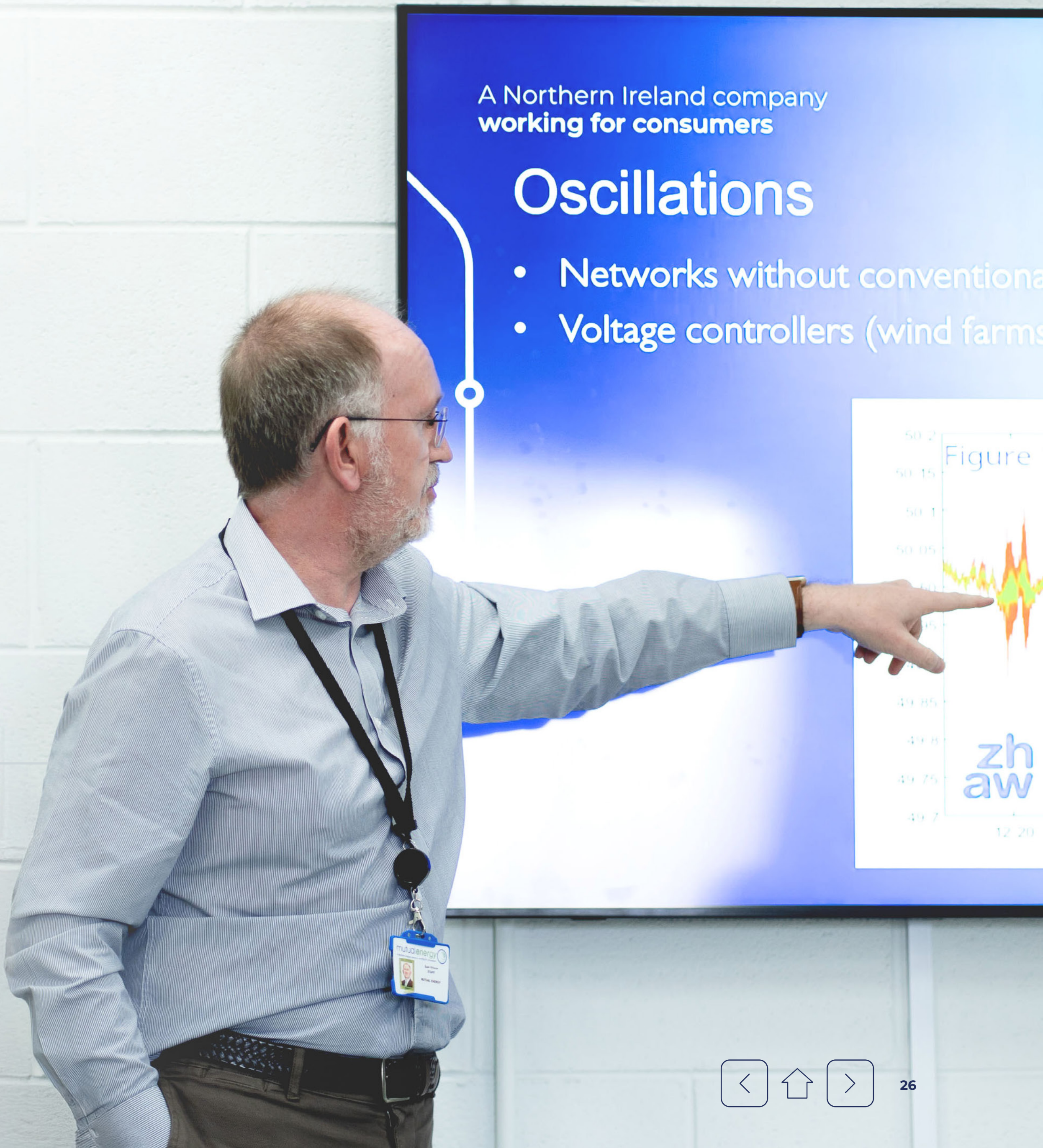
Our Employees (Continued)

Total staff headcount (including directors), split by gender, at the end of each year is shown in the table below. For 2024-25, there has been an increase in female representation at Board level with the appointment of Maureen O'Reilly.

	2025			2024		
	Male	Female	Total	Male	Female	Total
Board	5	2	7	7	1	8
Senior Management	8	1	9	8	1	9
All employees & Board	**34**	**15**	**49**	**34**	**15**	**49**

Employment Legislation

The Group complies with the Employments Rights Act, Modern Slavery Act and all other applicable UK law as an absolute minimum and recognises the importance of treating our employees fairly.



Principal Risks and Uncertainties

Overview of Risk Management Structure

Our Lines of Defence

Board

- Overall responsibility for risk
- Approves the overall risk management process
- Annual review of risks
- Sets risk appetite for the group
- Periodic strategic horizon scan for risks
- Approves external risk reporting

Audit and Risk Committee

- Approves all major policies, excluding those areas designated to the Asset Oversight Committee
- Sets compliance testing schedule and resource
- Reviews all risks and the risk register process
- Reviews the reporting from the Asset Oversight Committee

Asset Oversight Committee

- Approves major polices in the following areas: Health & Safety; IT & Cyber; Environmental; and Asset Management
- Reviews compliance testing for these areas
- Reviews asset-related risks in detail

Management Team

- Pro-actively identifies risks
- Quarterly group-wide peer review of risks
- Consolidates business unit risks to determine strategic risks and construct the risk register

Principal Risks and Uncertainties (Continued)

Risk Management Process

Our risk management process is embedded throughout the Group, with both a bottom-up and top-down system in place. The Board, its committees, management and employees are committed to the identification and management of risks associated with the delivery of our strategic objectives.

Our risk management process comprises four steps as shown below:

1 Identify → 2 Assess → 3 Mitigate → 4 Monitor

Managers of each business unit are responsible for the identification and monitoring of risks within their own functional area. A risk register is maintained by each business unit, and these are subject to formal quarterly reviews by the wider management team.

The risk assessment process considers the likelihood and impact of each risk in turn, with an overall score applied, and is then compared to the Group's risk appetite as determined by Board. The review of the registers ensures that appropriate scoring and adequate controls are in place for each risk recognised.

An effective governance model for reviewing the consolidated risk register is in place within the Group, with the Asset Oversight Committee responsible for assessing the operational risks identified, and the Audit and Risk Committee overseeing the full register on a biannual basis.

The Committees also evaluate the findings from the internal compliance monitoring reviews which ensures that Group policies and procedures, which form part of the mitigating controls against the risks identified, are updated accordingly.

Control within Mutual Energy is maintained through:

- a management structure with clearly defined responsibilities, authority levels and lines of reporting;
- the appointment of suitably qualified staff in specialised business areas;
- a comprehensive financial planning and accounting framework; and
- a formal reporting structure.

These methods of control are subject to periodic review as to their continued suitability. The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Risk Assessment

Assessments of risk were carried out, throughout the year ended 31 March 2025 and up to the date of approval of the Annual Report and Financial Statements, in line with this process. The Board, during its annual review of the effectiveness of the Group's internal control and risk management systems, did not identify, nor was advised of, any failings or weaknesses which it has determined to be significant.

Principal Risks

The principal risks identified by the Group are those which could impact our ability to successfully deliver the strategic objectives. To ensure consistency in how we monitor and report on the risks identified, the risks are categorised into six types:

1. Operational risk
2. Business environment and market risk
3. Financial risk
4. Political and regulatory risk
5. Project delivery risk
6. Corporate strategy and communication risk

Principal Risks and Uncertainties (Continued)

Principal Risks (Continued)

2024-25 Risk Review Outcomes

There were no new risks identified during the year, but the Group's risks were subject to regular review and were updated as required. Two risks, Cyber and Inadequate Corporate Strategy, have heightened during this year, with Reliance on Third Parties and Market risks having declined. Further information on the risks is presented in the tables below and continued on pages 30-33.

Operational risk: *The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.*

Risk	Risk Description and Potential Impact	Mitigations and Actions Taken	Risk Trend
Cyber	Information and operational technology systems necessary to support business activities. Any significant operational event could lead to loss of access to systems or data, adversely impacting business operations.	• Resilient infrastructure in place and disaster recovery environments available. • A Cyber Security Policy is in place along with access security and protocols. • Penetration testing is carried out at regular intervals. • National Centre for Cyber Security, Centre for the Protection of National Infrastructure and security consultants liaised with as required. • Work is ongoing to fully implement the principles of ISO 27001. ***This risk has increased due to the heightened level of perceived cyber threats.***	
People and HR	The failure to effectively manage talent, ensure appropriate training and resourcing, retain and motivate competent staff and plan for leadership succession could impede the realisation of strategic objectives.	• The business operates a performance-based culture with competitive pay and conditions benchmarked against the market. • Close engagement with staff and utilisation of a development framework to identify areas for training and to assist with succession planning. • Human Resource policies are in place, the operation of which mitigate risks in this area.	
Gas system flexibility deteriorates and security of supply	Changes in the demand profile, upstream pressure or rules may impact our ability to provide the flexibility shippers expect, even if we are operating within our contractual entitlement. A single point of failure could lead to a loss of gas supply for an unacceptable number of energy consumers for a sustained period.	• Longer term systems planning is in place through annual gas capacity statement. • The Northern Ireland Network Code and upstream Transportation Agreement with GNI (UK) define the business rules and capacity levels which are monitored to ensure these are not breached. • A gas asset management system with system constraint and emergency response arrangements is in place. • Generation load on the gas network increased during winter 2024-25, with the business having gained valuable knowledge and insight that will assist to refine processes going forward. • Security of gas supply is kept under continual review including regular engagement with DfE and NIAUR as appropriate.	

Principal Risks and Uncertainties (Continued)

Operational risk: *The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events (continued).*

Risk	Risk Description and Potential Impact	Mitigations and Actions Taken	Risk Trend
Business continuity	One-off events or public health emergencies, epidemics or pandemics, have the potential to significantly impact the Group's operations through a reduction in staff availability and business interruption.	• A business continuity plan is in place, with key tasks identified and more than one individual trained in each. • Plan was thoroughly tested by the Covid pandemic and is proven to work well.	
Reliance upon third parties	Reliance on 3rd Parties to supply business critical services can result in counterparty risk.	• Contract management plans are in place which identify key deliverables and ensure regular reporting. • Due diligence is performed, where required, to ensure financial stability. • Termination rights and exit planning are in place, where appropriate. ***This risk has reduced as a number of longer term contracts have been secured with key suppliers across the Group.***	
Third party interference	Ineffective processes, procedures or management enable third parties to cause catastrophic failure of the pipelines or cables leading to loss of gas supply/ unavailability of Moyle, costly and lengthy repairs and reputational damage.	• Experienced qualified maintenance subcontractors are used and managed through the contractual process with frequent performance monitoring. • Contractors are required to work under a set of processes and procedures which enable management of the associated network risks.	
Health & safety	Failure to maintain robust and effective health and safety practices, or failure to identify and manage wellbeing in the workforce may lead to injury to staff, contractor or public or have an adverse impact on the organisation's operations.	• A health & safety policy, management system, and plans are in place which are reviewed annually. • Risk assessments, method statements, audits, inspections and training are regularly performed.	

Principal Risks and Uncertainties (Continued)

Business environment and market risk: *The risk to the organisation of potentially failing to meet its objectives following significant changes or negative events within the external environment in which it operates.*

Risk	Risk Description and Potential Impact	Mitigations and Actions Taken	Risk Trend
Market	Market changes for gas and electricity in Northern Ireland could result in reduced usage of assets, insufficient revenue recovery, default on debt, damage to reputation of mutual model or fines. **Longer term the market changes could be driven by climate change and net zero targets.**	• Licence provisions implementing a collection agency agreement in the electricity business and the postalised charges system in the gas business are designed to protect against such changes. • An influencing strategy is in place to positively impact market developments. ***This risk has decreased in the period due to the favourable outcome of the arbitration case.***	

Financial risk: *The risk of failing to safeguard the organisation's assets, financial impropriety or financial misreporting. Inadequate financing, liquidity problems, non-compliance with covenants, market changes or failure of counterparties could lead to failure of financial structure. It includes fraud risk which is seen as the risk of internal or external fraud leading to financial loss, service disruption and reputational damage.*

Risk	Risk Description and Potential Impact	Mitigations and Actions Taken	Risk Trend
Poor financial management or an inappropriate financing structure	Poor financial management could result in breach of financing covenants, compliance failure, financial loss or failure of financial structure.	• Authority limits, budgeting and financial processes and governance structure provide effective controls. • A strict ring back process is in place to verify payee changes. • Financing costs are fully recovered through income allowances, reducing exposure to inflation risk. • Processes are in place to monitor covenant compliance. • Treasury policy requirements, reflecting financing document requirements, mitigate risks associated with the Group's financial assets and liabilities. • The Group has low liquidity risk due to strong cash flows, fully funded reserve accounts and £45m of liquidity facilities in place across the group.	

Principal Risks and Uncertainties (Continued)

Political and regulatory risk: *Risks driven by regulatory or political attitudes to the industry generally or Mutual Energy in particular.*

Risk	Risk Description and Potential Impact	Mitigations and Actions Taken	Risk Trend
Adverse economic or compliance regulatory change	As the Group consists primarily of regulated businesses it is exposed to regulatory risk as well as being subject to a number of laws. Changes in economic regulation, compliance regulation or government policy can be costly and failure to comply with current and future laws/ regulations could negatively affect the Group's business and our financial position.	• A proactive approach is taken to consultations on any issue which could affect the Group's business interests, with legal advice sought where appropriate. • The Group's relationships with NIAUR and DfE are managed at senior level through frequent meetings and correspondence in line with the Group's communication strategy. • A full suite of processes are in place to ensure compliance. Our asset management systems, health and safety management and environmental systems are essential in ensuring legislative compliance. • Cyber compliance is prevalent given the ongoing Cyber Assessment Framework (CAF) workplan which stems from the NIS directive. We are actively engaged with the Competent Authority and actions are ongoing to meet the requirements of the CAF workplan.	

Project delivery risk: *The risk of an event or occurrence that may negatively impact on the delivery of a project.*

Risk	Risk Description and Potential Impact	Mitigations and Actions Taken	Risk Trend
Failure of project management	Poor contracting or management, insufficient resources or extreme weather could cause project delays resulting in financial losses, reputational damage, damage to assets or loss of availability.	• Controls are project specific, but centre round project execution plans and project governance arrangements for each project. • Contractors are closely monitored, with stakeholder engagement plans and insurance in place.	

Principal Risks and Uncertainties (Continued)

Corporate strategy and communication risk: *The risk associated with failure to achieve the strategic and business objectives.*

Risk	Risk Description and Potential Impact	Mitigations and Actions Taken	Risk Trend
Inadequate corporate strategy	Inadequate corporate strategy and communication with external stakeholders could result in reputational damage, regulatory action, loss of support from members or lost growth opportunities or failure to deliver strategic objectives.	• The Board retains responsibility for strategy as a reserved matter and manages communications directly in line with its communication plan, using outsourcing as appropriate. • A member of staff has been appointed to have oversight of the day-to-day operation of Group communications and management of the external consultant. ***This risk has increased due to the uncertainty surrounding government policy and direction on how to achieve the carbon targets set, which makes it difficult to ensure that our Group strategy is aligned to policy.***	
Failure to prepare for energy transition or climate change	Failure to prepare for energy transition or respond to climate-related events, and/or having an inadequate operating model that is not flexible to adapt to these changes, which could result in significant financial, operational and reputational impacts.	• The Group's decarbonisation strategic objective ensures the Board's cycle of strategy evaluation and business planning gives explicit regard to energy transition. • The Group's investment in energy transition staff seeks to involve the business as much as possible in future developments and manage the risk in this area. • Gas industry wide coordination has become more formal and progress is now being made as resources are applied from all companies. • An Environmental Aspects Register is maintained and reviewed to assess specific risks in this area.	

Forward-Looking Statements

The Strategic report contains forward-looking statements. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, the actual results of operations, financial position and liquidity may differ materially from those expressed or implied by these forward-looking statements.

By order of the Board

Gerard McIlroy
Director
27 June 2025

Corporate Governance

Governance Structure

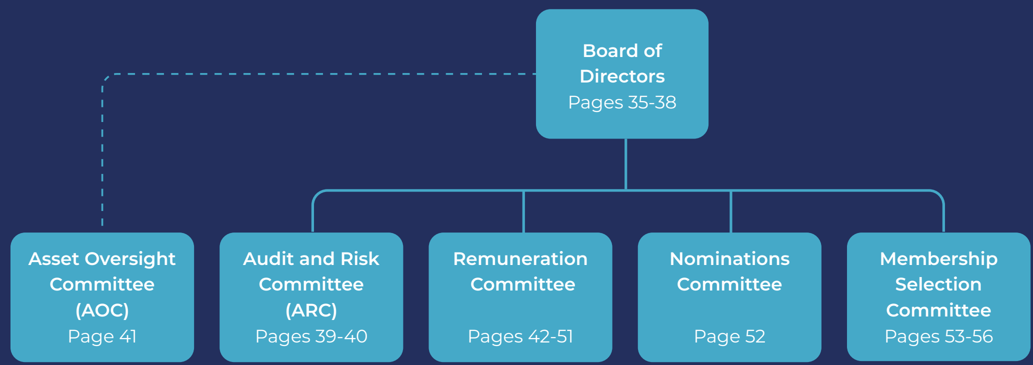
We are committed to the highest standards of corporate governance, with the Board having established the Group's Corporate Governance Framework and associated policies.

As illustrated within the Group's legal structure on page 98, as the only listed securities of the Group are the debt securities of Moyle Interconnector (Financing) plc, Premier Transmission Financing plc and Belfast Gas Transmission Financing plc the Group is not obliged to comply with the provisions set out in the UK Corporate Governance Code 2018 (the Code) which is publicly available at **www.frc.org.uk**. Instead, the Group uses its provisions as a guide to the extent considered appropriate to the circumstances of the Group.

This statement describes how, during the year ended 31 March 2025, the Group has applied the main and supporting principles of corporate governance.

The Board is supported by a number of committees as shown below, which it delegates appropriate responsibilities to. Each committee has formal Terms of Reference which have been approved by the Board and are reviewed at relevant periods. The Terms of Reference for all committees, as well as the division of responsibilities of the Board members, can be viewed on our website at **www.mutual-energy.com**

Overview of Governance Structure



Board of Directors

David Gray (73)
Chairman

Appointed: January 2019

Experience
David has a strong understanding of working within regulated sectors, including energy and aviation. David has experience of governance within the energy sector having previously held the position of Chair of the Gas and Electricity Markets Authority (Ofgem) between 2013 to 2018, and with current positions held as Chair of the Energy Innovation Centre and a Non-Executive Director of Tokamak Energy Ltd.

In previous roles, David was an Executive Director of Ofgem from 2003 to 2008 and a Non-Executive Director of the Civil Aviation Authority from 2009 to 2019. David spent 30 years of his earlier career working in financial markets as an investment analyst, then leading HSBC's corporate banking and corporate finance team in the energy and utilities sector. He advised the government on the privatisation of the gas and electricity industries in Great Britain.

Patrick Larkin (56)
Chief Executive Officer

Appointed: January 2007

Experience
Paddy was appointed as an Executive Director and Managing Director of Moyle Interconnector Ltd in 2007 and in 2010 took over the role as Chief Executive of the Mutual Energy Group. Paddy is a fellow of the Irish Academy of Engineering, and with his career primarily focused in the energy sector, Paddy has a significant amount of knowledge of the relevant markets and regulations.

Previously, Paddy was the Chief Executive of Premier Power, a subsidiary of the BG Group and owner of Ballylumford Power Station, having spent time in engineering and commercial roles within the company. He is an Engineering Graduate from Queen's University Belfast and started his career with Northern Ireland Electricity in 1991, just prior to privatisation. Paddy serves as a Non-Executive Director of Northern Ireland Water.

Gerard McIlroy (56)
Finance Director

Appointed: January 2010

Experience
Gerard joined Mutual Energy in July 2006 and was subsequently appointed to Finance Director in 2010. Being a Fellow of Chartered Accountants Ireland, Gerard brings a vast amount of financial, risk and compliance expertise to the Board.

Gerard's experience within the electricity sector precedes his appointment in Mutual Energy, as he previously held the position of Finance Manager within Viridian Group's unregulated energy supply business covering both the Northern Ireland and Republic of Ireland markets for five years. Gerard is also a Non-Executive Director of the Low Carbon Contracts company and Electricity Settlements Company.

Harry McCracken (75)
Senior Independent Director

Appointed: September 2021

Experience
With a career spanning over 50 years in the energy sector in Northern Ireland, Harry brings specialised industry expertise and an in-depth knowledge of local market environment to the Board.

Harry was previously the Managing Director for leading local utility Northern Ireland Electricity (NIE), capping a career encompassing responsibility for corporate planning through to direct responsibility for all NIE's operations. Harry also undertook several assignments overseas on behalf of the electricity industry.

As well as the regulated business Harry was Managing Director of the Viridian Power and Energy Group which ran the unregulated wind and power generation business and the retail supply business in the Republic of Ireland. Harry was formerly the Chair of Simple Power, a renewable energy company and Chair of Winder Electrical Holdings.

Board of Directors (Continued)

Norman McKeown (67)

Non-Executive Director

Appointed: November 2023

Experience

Norman is a graduate in Economics and a Fellow of Chartered Accountants Ireland, having acquired substantial financial experience throughout his career across a broad range of businesses, including brewing, pharmaceuticals, textiles and media.

Norman has held a number of executive Board level positions including, most recently, the role of Group Finance Director at UTV Media Plc.

Norman is currently a Non-Executive Director, and the Chair of the Audit and Risk Committee of the Irish Football Association Ltd and Non-Executive Director, and Chair of the Finance and Performance Committee of the Northern Ireland Co-ownership Housing Association Ltd.

Maureen O'Reilly (57)

Non-Executive Director

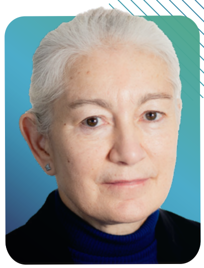
Appointed: November 2024

Experience

Maureen has been an Economist for over 25 years, with her career covering a number of areas including impact assessment, research and policy development across the public, private and not-for-profit sectors.

Previously Maureen headed the Policy Evaluation Unit at NI Economic Research Centre, was an Associate Lecturer in Economics with the Open University and was one of three panel members who undertook the Invest NI review. More recently Maureen has been managing her own economic research and consultancy business working with various organisations across the island of Ireland.

Maureen is currently a Non-Executive Director of Enterprise Northern Ireland Ltd and a Member of the Northern Ireland Fiscal Council.



Ceri Richards (66)

Non-Executive Director

Appointed: March 2020

Experience

Ceri is a qualified accountant of the Chartered Institute of Public Finance and Accountancy, a Fellow of the Chartered Institute of Bankers in Scotland and a past graduate of the Harvard Business School Advanced Management Programme.

With a career spanning over 40 years in the public and private sectors, Ceri brings specialised industry expertise and knowledge of corporate finance to the Board.

Ceri previously held the position of Chief Investments Officer for international engineering enterprise Laing O'Rourke and, prior to this, she was Managing Director of Specialised Industry Finance and Corporate Real Estate for Lloyds Bank. Ceri has also held senior positions for HBOS and BNP Paribas.

In 2017, Ceri established a management consultancy firm and has also held a series of Non-Executive roles, including the Regulator for Social Housing, Red Funnel Ferries, Be First (Barking and Dagenham regeneration), and CSG for Kent County Council.

Board of Directors (Continued)

Accountable to

The Board of Directors are accountable to the Members of the Group.

Roles & Responsibilities

The Board is responsible for the overall conduct of the Group's business and has powers and duties pursuant to the relevant laws of Northern Ireland and our Articles of Association. The Board establishes the overall strategic direction, considering the long-term success in light of the interests of the Northern Ireland energy consumers.

Matters Reserved for the Board

A formal schedule of matters are reserved for the Board's decision-making and approval and include:

- Long term strategy, objectives and major policies;
- Business plans and budgets;
- Review of management's performance;
- Approval of the annual operating plan and the financial statements;
- Major expenditure;
- The system of internal control; and
- Corporate governance.

Membership

The Directors who served the Group during the year were:

Role	Director Name	Meeting Attendance
Chairman	**David Gray**	**8/8**
Non-Executive Director	Patrick Anderson	5/5[1]
Chief Executive Officer	Paddy Larkin	8/8
Non-Executive Director	Harry McCracken	7/8
Finance Director	Gerard McIlroy	8/8
Non-Executive Director	Norman McKeown	8/8
Non-Executive Director	Michael McKernan	4/5[1]
Non-Executive Director	Maureen O'Reilly	3/3[2]
Non-Executive Director	Ceri Richards	8/8

Non-Executive Directors had sufficient time to meet their Board responsibilities during the year, offering continued challenge and guidance on matters included on the Board's agendas.

Board Independence

The Chair and Non-Executive Directors were independent of management and of any business relationship with the Group during the year.

Board Meetings

The Board met eight times during the year. If a Director was unable to attend a Board meeting during the year, their feedback on the agenda items and reports circulated in advance were gathered by the Chair or another Director, who would then express these views at the meeting in the Director's absence. In the event that specific business arises that requires Board discussion or action, special Board meetings are held.

Board Information

Reports are provided electronically to all Directors in advance of meetings, whether they are attending the meeting or not. Presentations and oral updates are provided at the meetings, as well as regular updates on changes and developments to the business, legislative and regulatory environments, with all meetings minuted. This ensures that all Directors are aware of and are in a position to monitor major issues and developments within the Group.

[1] *Patrick Anderson and Michael McKernan reached the end of their terms on 25th September 2024, with their attendance reflecting the meetings held prior to this date.*

[2] *Maureen O'Reilly was appointed to the Board on 20th November 2024, with her attendance reflecting the meetings held after this date.*

Board of Directors (Continued)

Training and Development

A procedure is in place for Directors to obtain independent professional advice in respect of their duties. New Directors receive induction training on their appointment to the Board covering the activities of the Group and its key business and financial risks, recent financial reports and the terms of reference of the Board and its committees. All Directors have access to the advice and services of the Company Secretary and of the company solicitors. Provision is made for Non-Executive Directors to receive ongoing training, as required, and Non-Executive Directors are also invited to attend the annual Members' day to ensure they understand Members' opinions.

Review of Board Effectiveness

The Board review their effectiveness annually, with an external review of effectiveness being carried out approximately every 3 years. On Board Training, an external consultant, were hired in the prior year to undertake a review of Board effectiveness, with the actions recommended from the review being implemented throughout the course of this year.

The annual Board effectiveness review considers the appropriateness of the Terms of Reference, composition, preparation and conduct of meetings, as well as the format and content of the Board reports, with feedback acknowledged and improvements implemented where appropriate.

The Chair also held one-to-one evaluations meetings with the Non-Executive Directors during the year, independently of management. Harry McCracken also, since being appointed as Senior Independent Director in November 2024, held one-to-one meetings with Non-Executive Directors, Executive Directors and other regular Board attendees, to appraise the performance of the Chair.

Conflicts of Interest

Policies and processes are in place to evaluate Directors' other interests. No conflicts were identified in the period.

Audit and Risk Committee

Reports to

The Audit and Risk Committee reports directly to the Board.

Roles & Responsibilities

The main responsibilities of the Committee include reviewing and ensuring that an effective system of governance, internal controls, financial reporting, and risk management processes are clearly established within the Group. The Audit and Risk Committee ensure that the Group comply with accounting and auditing standards.

One of the key responsibilities of the Committee is to monitor and manage the relationship with the external auditor, assessing their independence and objectivity and the effectiveness of the audit process including the external auditor's qualifications, expertise and resources.

The Committee is also responsible for whistleblowing arrangements and ensuring that appropriate procedures are in place for employees to report any concerns and that these concerns are dealt with appropriately.

Membership

During 2024-25, the Committee members were:

Role	Director Name	Meeting Attendance
Chair	**Norman McKeown**	**5/5**
Non-Executive Director	Patrick Anderson	2/2[1]
Non-Executive Director	Harry McCracken	4/5
Non-Executive Director	Ceri Richards	5/5

All members of the Committee were independent in accordance with provision B.1.1 of the UK Corporate Governance Code. Norman McKeown is a Chartered Accountant, therefore fulfilling the requirement for the Committee to have recent and relevant financial experience.

All members have competence relevant to the energy sector and have the appropriate skills, knowledge and experience to serve on the Committee.

Other Attendees

The Committee invites the following individuals/groups to attend meetings when it is appropriate to do so:

- Executive Directors
- Chair of the Board
- Other employees
- External Auditors

During the year, the Committee met without the Executive Directors present.

External Auditors

The audit tender includes other services, linked to the audit, which are pre-approved by the Audit and Risk Committee as a matter of policy, namely the audit of regulatory accounts. Tax services continue to be provided by a separate firm to maintain auditor independence. Information on the auditors' remuneration, split between audit fees and other services, can be found in note 3 on page 81.

The Group policy is to tender the audit contract approximately every 7 years, with the exact timing dependent on other business activities ongoing at the time. The audit was last retendered during 2022-23 when Grant Thorton (NI) LLP were appointed as auditors for the Group.

[1] *Patrick Anderson reached the end of his term on 25th September 2024, with his attendance reflecting the meetings held prior to this date. Patrick Anderson chaired the two meetings before the end of his term date, with Norman McKeown then taking over the position as Chair of the Committee.*

Audit and Risk Committee (Continued)

Activities in the Year

External Audit

The Committee:

- Reviewed the audit planning documentation provided by the auditor to ensure consistency with the initial proposals and that plans remained suitable;
- Met with the external auditors during the year to confirm their objectivity and independence;
- Engaged with the auditors and monitored progress across all stages of their work, from reviewing the initial audit plan through to reviewing audit findings and discussing any issues that were identified; and
- Monitored the review of the Moyle interim financial statements in November 2024.

Financial Reporting

The Committee:

- Undertook a comprehensive review of the 2024-25 financial statements and the Annual Report prepared by management, including the Corporate Governance statement and environmental reporting;
- Considered the significant issues in relation to the financial statements both in advance of their preparation as part of the audit planning and after the financial statements had been drafted by management;
- Reviewed the agreement following the final arbitration decision and agreed that the prior year allowance for doubtful debt of £20.2m should be reversed, with further information included in note 12b (page 87);
- Considered the consistency of accounting policies applied and assessed if the Group had made appropriate estimates and judgements, which are outlined on pages 77-79; and
- Approved the environmental targets, with performance against these monitored by the Asset Oversight Committee and reported to the Committee.

Internal Controls Review

The Committee:

- Assessed the effectiveness of the Group's internal controls through its risk based, cyclical compliance review programme, approved by the Committee, which monitors compliance with all Group policies;
- Reviewed the findings and recommendations of internal compliance reviews of strategic and operational policies, for which no significant weaknesses in internal controls were identified during the year, and ensured follow up on the actions recorded; and
- Considered the need for an internal audit function and determined that at present this is not required, given the scope of the Group's activities and the adequate internal controls that are in place.

Risk Management System

The Committee:

- Assessed the effectiveness of the risk management system, which is outlined on pages 27-28, including consideration of fraud risk;
- Reviewed the Group's strategic risk register with changes reported to the Board;
- Reviewed and approved the statement on internal controls and risk management for inclusion within the Annual Report; and
- Approved new policies or amended policies that govern the Group's system of internal control.

Review of Committee Effectiveness

The Committee reviews its effectiveness annually. Feedback is collated and discussed at the Committee, with actions for improvements agreed, where appropriate.

Asset Oversight Committee

Reports to

The Asset Oversight Committee reports directly to the Audit and Risk Committee.

Roles & Responsibilities

The main responsibilities of the Committee are to effectively review the Group's policies, management initiatives, targets and performance in relation to health, safety and welfare, asset management, environmental impact, physical and cyber security and emergency response readiness.

Membership

Role	Director Name	Meeting Attendance
Chair	**Harry McCracken**	**3/3**
Chief Executive Director	Paddy Larkin	3/3
Non-Executive Director	Michael McKernan	1/1[1]
Non-Executive Director	Maureen O'Reilly	1/1[2]

Other Attendees

The Committee invite the following individuals/groups to attend meetings when it is appropriate to do so:

- Operations Director
- Operational management team
- Chair of the Environmental Management Committee
- IT management

Activities in the Year

Policy Reviews

- Reviewed performance against the 2024-25 Health and Safety plan and recommended to the Board the Health and Safety policy statement, management system and plan for 2025-26;
- Reviewed the Physical and Cyber Security policies and annual plans and the potential impact of Artificial Intelligence; and
- Reviewed the Environmental policy, audit, management system and annual plan.

Operational Risk and Reviews

- Monitored the operational aspects of the strategic risk registers;
- Reviewed specific functional risk registers for both the gas and electricity businesses;
- Considered gas security of supply;
- Reviewed the Subsea Emergency Pipeline Repair Strategy;
- Reviewed the number of health and safety incidents and discussed causes with actions for remedy approved;
- Discussed compliance reviews and reviewed audit and site inspection findings, with follow up points agreed; and
- Monitored carbon emissions against targets approved by the Audit and Risk Committee.

Project Reviews

- Monitored, assessed and approved technical issues associated with the Moyle Interconnector and gas transmission system;
- Monitored progress of the renewable energy integration projects;
- Monitored performance against the ISO 55001 asset management programme; and
- Monitored the progress of the implementation of recommendations from the 2024 external (RoSPA) Quality Safety Audit.

Review of Committee Effectiveness

The Committee reviews its effectiveness biennially. The next review will be undertaken during 2025-26.

[1] Michael McKernan reached the end of his term on 25th September 2024, with his attendance reflecting the meetings held prior to this date.

[2] Maureen O'Reilly was appointed to the Board on 20th November 2024, with her attendance reflecting the meetings held after this date.

Remuneration Committee

Reports to

The Remuneration Committee reports directly to the Board.

Roles & Responsibilities

The role of the Committee is to monitor, review and make recommendations to the Board on the Executive structure and remuneration policies for the Group. The Committee determine the targets for Executive performance-related pay, the policy and scope of the pension arrangements as well as benchmarking Executive remuneration to companies of a similar size to ensure that remuneration remains competitive.

Membership

During 2024-25, the Committee members were:

Role	Director Name	Meeting Attendance
Chair	**Ceri Richards**	**4/4**
Non-Executive Director	David Gray	4/4
Non-Executive Director	Harry McCracken	1/2[1]
Non- Executive Director	Michael McKernan	1/1[1]

Other Attendees

The Committee is comprised solely of Non-Executive Directors. The CEO and Finance Director attend meetings by invitation and assist the Committee in its deliberations, where appropriate, but are not involved in any decisions regarding their own remuneration.

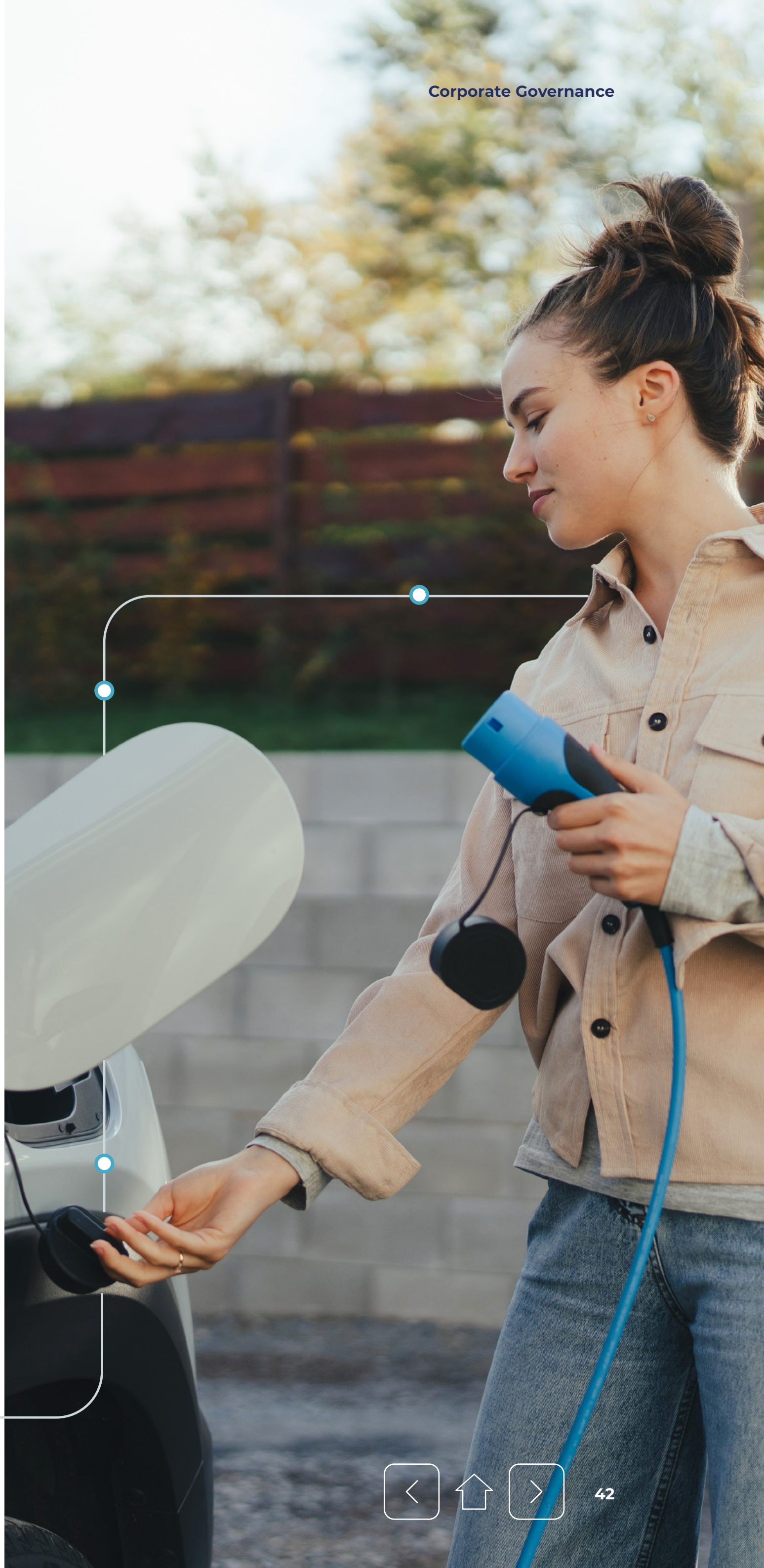
Activities in the Year

- Monitored overall staffing trends and organisational structure;
- Presented the updated Renumeration Policy at the AGM in September 2024, which was approved;
- Reviewed gender pay gap analysis;
- Reviewed 2024-25 performance against the remuneration targets set;
- Established the Executive Directors' remuneration for 2025-26; and
- Determined the performance-related pay targets for 2025-26.

Review of Committee Effectiveness

The Committee reviews its effectiveness as part of the annual evaluation process undertaken by the Board and its committees.

[1] Michael McKernan reached the end of his term on 25th September 2024, with his attendance reflecting the meetings held prior to this date. To replace Michael, Harry McCracken was appointed onto the Remuneration Committee on 20th November 2024, with his attendance reflecting the meetings held after this date.



Directors' Remuneration Report

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

The Remuneration Committee Chair's Annual Statement

I am pleased to present a positive report on the business's performance, following the strong financial and robust operational results during the current year. These achievements are evident in the percentages awarded to the Executive Directors against the "In year" targets set, which are shown later in this report.

The Committee saw some changes to its membership during the year, with Michael McKernan leaving the Committee in September 2024, at the end of his term, and Harry McCracken joining the Committee in November 2024.

The Group's Remuneration Policy, presented in last year's annual report, was considered and approved at the Group's AGM in September 2024. In line with the revised policy, electric vehicle company cars were provided to the Executive Directors during the current year, to address some of the pay gap which was identified in the benchmarking carried out by PWC in the prior year.

The Committee has continued to consider the alignment of performance-related targets with the Group's strategic objectives, and has increased the proportion of long-term targets which are linked to energy transition, environment and climate change objectives.

The Committee approved the Executive Directors' remuneration for the 2025-26 year in March 2025, and the outcomes are detailed within this report.

During the year the Committee considered several other agenda items which helped inform them in their decision making including:

- Overall organisational structure
- Gender pay gap
- CEO remuneration compared to employee average

Ceri Richards
Remuneration Committee Chair
27 June 2025

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

This report summarises the activities of the Remuneration Committee for the year to 31 March 2025 and sets out remuneration details for the Executive and Non-Executive Directors of the Group, prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended August 2013. The report includes the statement by the Chair of the Remuneration Committee (page 43) and the annual report on remuneration (pages 45 to 51).

The Group's remuneration policy can be found on the Group's website at **www.mutual-energy.com**. The remuneration policy was approved by a binding vote at the Group's 2024 Annual General Meeting on 25 September 2024 and applies for three years from 1 October 2024, subject to any future changes approved by the members. The annual report on remuneration provides details on remuneration in the period and other information required by the Regulations.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The statement by the Chair of the Remuneration Committee is not subject to audit.

The Role of the Remuneration Committee

The role of the Remuneration Committee is to determine and agree the remuneration policies of the Company and its subsidiaries, which are presented to the members for approval at least every 3 years, and specifically:

- to monitor, review and make recommendations to the Board on the Executive structure of the Group;
- to determine and agree with the Board the remuneration policies of the Company and its subsidiaries (the "Group");
- to review and agree the broad policy and framework for the remuneration of the Chair, Executive Directors, Company Secretary and senior staff;
- to determine the nature and scale of performance arrangements that encourage enhanced performance and reward the Executive Directors in a fair and responsible manner for their contributions to the success of the Group whilst reviewing and having regard to remuneration trends across the Company or Group;
- to review and set the Group's remuneration of the Executive Directors including determining targets for performance-related pay;
- to determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior employees;
- to benchmark the remuneration of the Executive Directors and the Company Secretary against remuneration of similar persons in similarly sized companies, as required;
- to make recommendations to the Board, for it to put to the AGM for their approval in general meeting, in relation to the remuneration of the Executive Directors; and
- to agree the policy for authorising claims for expenses from the Directors.

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is subject to audit.

Annual Report on Remuneration

The annual report on remuneration which follows shows the outturn for the year ending 31 March 2025, determined in line with the remuneration policy approved at the Group's AGM on 25 September 2024.

Single Total Figure of Remuneration for Each Director

The remuneration of the Directors for the years 2024-25 and 2023-24 is made up as follows:

Directors' Remuneration as a Single Figure (2024-25)

£'000	Salary and Fees[1]	All taxable benefits[2]	Annual PRP[1]	Deferred PRP[3]	Pension Related Benefits[4]	Total[1]	Total Fixed Remuneration	Total Variable Remuneration
Executive Directors								
Paddy Larkin	233	2	42	113	21	411	256	155
Gerard McIlroy	182	3	34	92	16	327	201	126
Non-Executive Directors								
Paddy Anderson[5]	17	-	-	-	-	17	17	-
David Gray	77	-	-	-	-	77	77	-
Harold McCracken	34	-	-	-	-	34	34	-
Norman McKeown	34	-	-	-	-	34	34	-
Michael McKernan[5]	17	-	-	-	-	17	17	-
Maureen O'Reilly[6]	12	-	-	-	-	12	12	-
Ceri Richards	34	-	-	-	-	34	34	-
	640	**5**	**76**	**205**	**37**	**963**	**682**	**281**

[1] Figures in the tables are shown after the deduction of salary sacrifices for benefits which are recorded as taxable benefits in line with the HMRC determined amounts, with the exception of any salary or performance-related pay (PRP) taken as pensions which is still recognised as salary and fees or performance-related pay, as appropriate, to ensure year on year comparability.

[2] All taxable benefits consist of healthcare benefits provided to Executive Directors and benefits in respect of leasing and maintaining electric vehicles under the Company's electric vehicle scheme, valued in accordance with HMRC tax guidance. Both Executive Directors were provided with an electric vehicle during the current year.

[3] 2024-25 deferred performance-related payout includes an additional award in respect of the 2023-24 targets which had been delayed whilst awaiting the outcome of the arbitration case. This was subsequently awarded in November 2024 and has therefore been included within the 2024-25 deferred performance-related payout figure.

[4] Pension related benefits include, as applicable, employer pension contribution or pension allowances.

[5] Retired as Director on 25 September 2024.

[6] Appointed as Director on 20 November 2024.

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is subject to audit.

Annual Report on Remuneration (Continued)

Single Total Figure of Remuneration for Each Director (Continued)

Directors' Remuneration as a Single Figure (2023-24)

£'000	Salary and fees[1]	All taxable benefits[2]	Annual PRP[1]	Deferred PRP	Pension Related Benefits[3]	Total[1]	Total Fixed Remuneration	Total Variable Remuneration
Executive Directors								
Paddy Larkin	211	1	39	94	20	365	232	133
Gerard McIlroy	171	2	32	77	15	297	188	109
Non-Executive Directors								
Paddy Anderson	34	-	-	-	-	34	34	-
David Gray	77	-	-	-	-	77	77	-
Harold McCracken	34	-	-	-	-	34	34	-
Norman McKeown[4]	13	-	-	-	-	13	13	-
Michael McKernan	34	-	-	-	-	34	34	-
Ceri Richards	34	-	-	-	-	34	34	-
	608	**3**	**71**	**171**	**35**	**888**	**646**	**242**

[1] Figures in the tables are shown after the deduction of salary sacrifices for benefits which are recorded as taxable benefits in line with the HMRC determined amounts, with the exception of any salary or performance-related pay (PRP) taken as pensions which is still recognised as salary and fees or performance-related pay, as appropriate, to ensure year on year comparability.

[2] All taxable benefits consist of healthcare benefits provided to Executive Directors and benefits in respect of leasing and maintaining electric vehicles under the Company's electric vehicle scheme, valued in accordance with HMRC tax guidance. Both Executive Directors were provided with an electric vehicle during the current year.

[3] Pension related benefits include, as applicable, employer pension contribution or pension allowances.

[4] Appointed as Director on 20 November 2023.

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is subject to audit.

Annual Report on Remuneration (Continued)

Single Total Figure of Remuneration for Each Director (Continued)

Determination of 2024-25 Annual Performance-Related Pay

Annual performance-related pay awards were determined with reference to performance over the financial year ending 2024-25. The performance-related pay accruing to Executive Directors is set out below. The detailed particulars of the performance measures, which we share periodically with our Members, have not been disclosed as these are considered commercially sensitive.

The stretching targets on company financial performance were met with a record year in revenue and operational cash generation, and this is reflected in the strong pay out in the annual performance targets. The business was able to increase the planned returns to consumers in the light of this performance.

As noted in previous years, the longer term targets have no explicit financial performance target as the financial performance will be the output of the areas covered in the deferred targets, such as the asset performance and market and regulatory change management. The award relating to longer term objectives reflects the strong relationships built up with key stakeholders which will be vitally important in contributing to the cost effective decarbonisation agenda. The Committee considered the outcome of the arbitration with SONI and the subsequent interaction with SONI and other parties in its decision. Long term targets implementing changes to processes and arrangements in advance of additional open cycle gas capacity on the network proved their worth as these arrangements were heavily used when there were issues at other generating plant in Northern Ireland.

Target Category	Annual Performance-Related Pay (% Of Salary)				Deferred Performance-Related Pay (% Of Salary)			
	CEO		FD		CEO		FD	
	Maximum	Actual	Maximum	Actual	Maximum	Actual	Maximum	Actual
Asset Performance	7.5%	6.5%	7.5%	6.5%	11.0%	8.5%	11.0%	8.5%
Financial Performance	8.0%	7.5%	8.0%	7.5%	-	-	-	-
Markets and Regulatory Change Management	2.5%	2.5%	2.5%	2.5%	21.0%	19.0%	21.0%	19.0%
Business Resilience and Development	2.0%	1.5%	2.0%	1.5%	9.0%	6.0%	9.0%	6.0%
Energy Transition, Environment and Climate Change	-	-	-	-	14.0%	12.0%	14.0%	12.0%
	20.0%	**18.0%**	**20.0%**	**18.0%**	**55.0%**	**45.5%**	**55.0%**	**45.5%**

Payments to Past Directors

No payments were made to past Directors in the year (2024: £Nil).

Payments for Loss of Office

There were no payments for loss of office made in the year (2024: £Nil).

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Annual Report on Remuneration (Continued)

CEO Remuneration Table

The table below sets out the details for the Director undertaking the role of Chief Executive Officer.

Year	CEO Single Figure of Total Remuneration (£'000s)	Annual Performance-Related Pay Pay-Out Against Maximum %	Deferred Performance-Related Pay Pay-Out Against Maximum Opportunity %
2015-16	265	92%	88%
2016-17	270	71%	92%
2017-18	275	97%	90%
2018-19	289	96%	82%
2019-20	313	95%	79%
2020-21	313	88%	80%
2021-22	307	77%	78%
2022-23	338	81%	84%
2023-24	365	93%	82%
2024-25	411	90%	86%[1]

The percentage shown represents the amount during the year as a percentage of the maximum possible payment in respect of that year.

[1]The 2024-25 deferred performance-related payout includes an amount awarded in respect of the 2023-24 targets, which had been deferred pending the outcome of the arbitration case and was subsequently awarded in November 2024.

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Annual Report on Remuneration (Continued)

Percentage Change in Remuneration of Directors and Employees

The table below shows the percentage change in remuneration of the Directors compared to the Group's employees as a whole.

	2021-22 v 2020-21			2022-23 v 2021-22			2023-24 v 2022-23			2024-25 v 2023-24		
£'000	Salary and Fees	All taxable Benefits	Annual PRP	Salary and Fees	All taxable Benefits	Annual PRP	Salary and Fees	All taxable Benefits	Annual PRP	Salary and Fees	All taxable Benefits	Annual PRP
Executive Directors												
Paddy Larkin	0.9%	4.7%	(11.1)%	4.7%	0.9%	10.8%	8.7%	0.3%	26.0%	10.0%	40.3%[2]	15.3%
Gerard McIlroy	0.4%	4.6%	(11.1)%	0.8%	61.1%	10.8%	9.9%	0.1%	26.0%	6.2%	24.5%[2]	13.5%
Non-Executive Directors												
Paddy Anderson	0%	-	-	0%	-	-	0%	-	-	0%	-	-
David Gray	0%	-	-	0%	-	-	0%	-	-	0%	-	-
Harold McCracken	0%	-	-	0%	-	-	0%	-	-	0%	-	-
Norman McKeown	0%	-	-	0%	-	-	0%	-	-	0%	-	-
Michael McKernan	0%	-	-	0%	-	-	0%	-	-	0%	-	-
Maureen O'Reilly	0%	-	-	0%	-	-	0%	-	-	0%	-	-
Ceri Richards	0%	-	-	0%	-	-	0%	-	-	0%	-	-
All employees[1]	2.6%	2.2%	(1.0)%	9.2%	2.2%	16.6%	9.3%	1.4%	16.5%	5.9%	0.2%	4.5%

[1] Reflects the change in pay for an average employee (excluding Directors) employed throughout each pair of years being compared. For employees who have been employed within the Group over the five year period, the percentage increase in salary costs are broadly aligned to the percentage increase in Chief Executive Officer's salary.

[2] The increase in taxable benefits relates to the provision of electric vehicles in November 2024. This shows a large percentage increase year-on-year as the total taxable benefit for providing these vehicles was a low cost of c.£1,000 in 2024-25.

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Annual Report on Remuneration (Continued)

As part of its normal annual schedule, the Committee specifically considered pay gaps and gender balance within the organisation as part of its commitment to a diverse and motivated workforce. The Committee did so by looking at four levels of the company and the relative pay between the individuals in the groups and concluded that the results were satisfactory for a business of its type. The Committee continues to review these on an annual basis.

Relative Importance of Spend on Pay

The table below shows the total pay for all Group employees, compared with total debt repayments plus cash retained in the business. The Group does not pay dividends as there are no shareholders.

	2024-25 £'000	2023-24 £'000	% change
Total employee costs	4,505	4,109	9.6%
Total debt repayments plus cash retained in the business plus cash returned to consumers	125,201	79,110	58.3%

Total employee costs variance includes movements in headcount which increased by c10% from the prior year.

Total debt repayments plus cash retained in the business plus cash returned to gas and electricity consumers via shippers shows the most significant distributions, payments and uses of cash flow, therefore is deemed to be the most appropriate comparator for spend on employees.

Statement of Implementation of Remuneration Policy in 2025-26

The Directors' salaries and fees for the 2025-26 year reflect the effect of the agreed inflationary increase and any other adjustments to terms and conditions, and are as follows:

	2025-26 £'000	2024-25 £'000	% change
Chief Executive	242	234	3.4%
Finance Director	191	184	3.4%
Chair	77	77	0.0%
Non-Executive Directors	34	34	0.0%

The annual performance-related pay for 2025-26 will operate on the same basis as for 2024-25 and will be consistent with the Group's remuneration policy. The measures have been selected to reflect a range of financial and operational goals that support the key strategic objectives of the Group and promote its long-term sustainable success.

The performance measures and weightings for the Executive Directors will consist of several targets based on assets and costs with overall weightings as shown in the following table.

Target Category	Annual Performance-Related Pay (Max % of Salary)		Deferred Performance-Related Pay (Max % of Salary)	
	CEO	FD	CEO	FD
Asset Performance	7.5%	7.5%	10.0%	10.0%
Financial Performance	8.0%	8.0%	-	-
Markets and Regulatory Change Management	3.0%	3.0%	17.0%	17.0%
Business Resilience and Development	1.5%	1.5%	10.0%	10.0%
Energy Transition, Environment and Climate Change	-	-	18.0%	18.0%
	20.0%	**20.0%**	**55.0%**	**55.0%**

The Committee re-evaluated all the long term targets by looking at ultimate objectives, often over a decade away, and working back to where the business would need to be in a more meaningful timeframe.

The net zero ambitions of both the UK government and Northern Ireland Executive are the key backdrop to the energy markets. Consequently energy transition is now the largest component of the long term targets and market and regulatory change, another area expected to be impacted by government policy, is a close second.

Directors' Remuneration Report (Continued)

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Annual Report on Remuneration (Continued)

Statement of Implementation of Remuneration Policy in 2025-26 (Continued)

Asset Performance

The fundamental target for essential assets such as transmission infrastructure is always availability and the Committee sets annual asset performance targets on the availability statistics for the assets in the light of past performance, benchmark comparators and the schedule of planned works for the incoming year. Annual asset performance targets also include the Health and Safety management plan and the yearly improvement plan targets. The longer-term asset performance targets cover wider topics including aspects of overall network development and capability.

Financial Performance

Performance against budget is at the core of our assessment of the financial performance of the business within year. The targets in this area are focused on both revenue and cost lines. Longer term there is no explicit financial performance target as the financial performance will be the output of the areas covered in the deferred targets such as the asset performance and market and regulatory change management.

Markets and Regulatory Change

Markets and regulatory change targets by their nature are mostly longer term. The longer term targets address issues that directly impact our assets, such as the methods of access to the markets and limits placed on the assets. These targets also address wider regulatory changes that impact the energy markets, where the focus is acting in the interests of the Northern Ireland consumer.

Business Resilience and Development

Similarly, business resilience and development is also by its nature mostly long term. Resilience covers issues such as cyber defences and responses as well as asset resilience.

Energy Transition, Environment and Climate Change

Targets in this category include both policy work and the development of key projects essential to net zero. Within-year targets include the achievement of the near term targets outlined in the environmental plan. The deferred targets consider themes such as progress on energy transition, financing structures, and progressing the assessment of projects which are essential to net zero delivery.

Consideration by the Directors of Matters Relating to Directors' Remuneration

Matters relating to Directors' remuneration were considered by the Committee members, as listed on page 42, during the year. Executive Directors attended Committee meetings, where appropriate, but were not involved in any decisions regarding their own remuneration. PWC provided benchmarking services to the Committee in the prior year to assist with consideration of Director's remuneration, however no advice or services were required or provided during 2024-25.

The Committee receives information on wider workforce policies and remuneration levels, including annual inflationary increases to allow it to properly assess Executive Director remuneration, and reviews staff engagement data and other information to help ensure the alignments of incentives with positive corporate culture.

Statement of Voting at General Meeting

The Group is committed to ongoing member dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for any such vote will be sought, and any actions in response will be detailed here.

The table below sets out actual voting at the last general meeting in which the remuneration report and the remuneration policy were approved.

Approval

This report was approved by the Board of Directors on 27 June 2025 and signed on its behalf by:

Ceri Richards
Remuneration Committee Chair
27 June 2025

	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Remuneration policy (2024 AGM)	20	95%	1	5%	21	-
Remuneration report (2024 AGM)	21	100%	-	0%	21	-

Nominations Committee

Reports to

The Nominations Committee reports directly to the Board.

Roles & Responsibilities

The main responsibility of the Committee is to evaluate the current and future composition of the Board and its Committees. This includes assessing and recommending suitable candidates to the Board for appointment as Executive and Non-Executive Directors, taking into account the skills, knowledge and experience required, time available to devote to the position, and diversity and culture.

The Committee are also responsible for developing a diverse pipeline for succession, taking into consideration feedback from the Board's annual evaluation on its composition to aid decision-making.

Membership

During 2024-25, the Committee members were:

Role	Director Name	Meeting Attendance
Chair	**Ceri Richards**	**4/4**
Non-Executive Director	David Gray	4/4
Non-Executive Director	Harry McCracken	1/2[1]
Non-Executive Director	Michael McKernan	1/1[1]

Other Attendees

The Committee is comprised solely of Non-Executive Directors, with other attendees invited to contribute to the Committee as and when appropriate.

Activities in the Year

The Committee, with assistance from an external executive recruitment agency, Clarendon Executive, sought a replacement for Michael McKernan, who reached the end of his term in September 2024. Maureen O'Reilly was recommended for, and appointed to, the Board, the Asset Oversight Committee and as Chair of the Membership Committee in November 2024.

During the year, the Committee considered succession planning, with a focus on the talent pipeline needed to fulfil future roles within the Group.

[1] *Michael McKernan reached the end of his term on 25th September 2024, with his attendance reflecting the meetings held prior to this date. To replace Michael, Harry McCracken was appointed onto the Nominations Committee on 20th November 2024, with his attendance reflecting the meetings held after this date.*

Membership Selections Committee

Reports to

The Membership Selections Committee reports directly to the Board.

Roles & Responsibilities

The role of the Committee is to select suitable potential Members of the company and recommend their appointment to the Board. The Committee is tasked with ensuring that the membership composition is large enough and sufficiently diverse to adequately represent all stakeholders, in particular Northern Ireland energy consumers.

Membership

During 2024-25, the Committee members were:

Role	Director Name	Meeting Attendance
Chair	**Maureen O'Reilly**	**1/1**
Non-Executive Director	Norman McKeown	1/1

Other Attendees

The Committee also includes two other Members who are not Directors of the company, and two independent representatives appointed by the Utility Regulator. Gerard McIlroy, the Group's Finance Director, also attended the meeting held during the year.

Activities in the Year

The Committee reviewed the Membership composition, both in terms of size and diversity. The Committee reviewed candidate applications and proposed suitable candidates to the Board for approval, with 1 new Member appointed in March 2025.

The Committee evaluated the effectiveness of the recent advertising for the Invitation to Membership and discussed other appropriate sources that could be used for future appointments.

Members

As Mutual Energy Limited, the holding Company of the Group, is a company limited by guarantee, the Board of Directors are supervised in their leadership and control of the Group by the Members. Our Members come from a diverse range of sectors, providing appropriate representation across our stakeholder groups.

During the year:

- 1 member resigned;
- 3 members reached the end of their term; and
- 2 new members were appointed.

At 31 March 2025 the Group had 30 Members, with the minimum target being 30. The members of the Company for all or some part of the year are listed to the right:

Patrick Anderson		**Fabien Laroche**	
Kyle Armstrong		**Hector Martin**	
Will Aston		**Maria Martin**	
Declan Billington	(end of term 31/01/25)	**Colin McClements**	
Nikita Brijpaul		**Harold McCracken**	
Abigail Boyd		**Kieran McCullagh**	
Bill Cargo		**Norman McKeown**	
Kieran Creevy		**Michael McKernan**	
Declan Cunningham		**Dr Bernard Mulholland**	
Jamie Delargy		**Aodhan O'Donnell**	(resigned 25/04/24)
Margaret Devlin	(appointed 26/03/25)	**Maureen O'Reilly**	(appointed 20/11/24)
Stephen Ellis	(end of term 31/01/25)	**Ceri Richards**	
Gail Fryer		**Ken Simpson**	
David Gray		**Steven Speers**	
Peter Hayes		**Cheryl Surgeoner**	
Andrew Kirke		**Mark Wishart**	(end of term 31/01/25)
Helen Kirkpatrick		**Ed Wright**	

Members (Continued)

Patrick Anderson

Patrick is the Vice-President and Chief Finance and Resources Officer at Queen's University, Belfast. He is a Fellow of Chartered Accountants Ireland and the Institute of Directors and a Board member of the Northern Ireland Chamber of Commerce and Industry.

Kyle Armstrong

Kyle is a Chartered Manager and experienced HSE Advisor supporting Crown's UK and European operations. He promotes a strong safety culture, continuous improvement, and sustainability, drawing on extensive health, safety, and environmental compliance expertise across diverse project environments.

Will Aston

Will teaches Mechanical Engineering at QUB ISC and is currently completing a PhD in 3D printing at University of Ulster (UU). He holds Mechatronics degrees from UU and Augsburg, and has professional engineering experience in the power generation sector.

Nikita Brijpaul

Nikita has over 20 years of business development and governance experience across various sectors. He is the Vice Chair of the Board and Chair of the Audit Committee at Mediation NI and is an Innovation and Growth Specialist for Invest NI and Innovate UK Business Growth.

Bill Cargo

Bill has over 40 years' experience in the energy industry. He has held a wide range of executive and non-executive roles, both in the UK and abroad. Bill is currently a Non-Executive Director for the Department of Agriculture, Environment and Rural Affairs.

Kieran Creevy

Kieran works in the financial services industry, specifically in the global insurance and reinsurance sector. He has previously held Managing Director and Head of Compliance positions. Kieran has a diploma in Corporate Governance with the Institute of Corporate Governance.

Declan Cunningham

Declan is a global sustainability and EHS leader with 35+ years in Agri-food, Retail, Pharma, and Medical Devices. Currently Global Director at embecta, he has driven sustainability, risk, and operational excellence across industries. Declan holds multiple advanced degrees in sustainability and leadership.

Jamie Delargy

Jamie has for many years provided news, comment, and analysis of developments in the Northern Ireland energy market. Last year he was appointed Chair of EnergyCloud NI, which aims to divert excess renewable energy to households in fuel poverty.

Margaret Devlin

Margaret brings a wealth of infrastructure sector experience, gained over a 40 year career across the UK and New Zealand. Roles included Managing Director for South East Water, Chair of Water UK and Chair of Infrastructure NZ, promoting sustainable infrastructure outcomes.

Gair Fryer

Gail (FCCA) was an accountant with the NI Civil Service until retirement in October 2018. Gail is now a consultant for the Department of Economy, involved with business cases which include Brexit, Gas to the West and the SEM.

Peter Hayes

Peter has over 10 years' experience selling complex engineering solutions into environmentally focused markets. Peter is currently working with companies to provide camera solutions for tracking greenhouse gas emissions from space.

Andrew Kirke

A Partner in Tughans' energy law team Andrew has twice been seconded to SONI Ltd, as in-house counsel, and is involved in a number of industry groups including the Energy Institute, CBI Energy Working Group (which he chairs) and others.

Members (Continued)

Helen Kirkpatrick

Helen is a Non-Executive Director of NTR plc and Origin Enterprises plc, Chair of QUBIS and Director at the Irish Football Association. Previously, Helen was a Non-Executive Director of Dale Farm, Kingspan Group plc and Wireless Group plc. She is a Fellow of the Institute of Chartered Accountants.

Colin McClements

Colin is the Commercial Manager at Belfast Harbour and has a background in property management and renewable energy. Colin holds a degree in Land and Estate Management, qualified as a Chartered Surveyor in 2003 and holds an MBA from QUB.

Ken Simpson

Ken is an accountant whose main skills are in the areas of finance, governance, risk management, change management, strategy development, operational planning, board and committee procedures, and grant application, monitoring and control.

Fabien Laroche

Fabien has spent his whole career in the energy sector, working for several multinational renewable electricity producers. He currently leads the Revenue Optimisation function for a European renewable energy and battery storage developer.

Kieran McCullagh

Kieran is a regulatory finance professional with the Information Commissioner's Office. His previous experience includes roles in the civil service, banking and with the NI Utility Regulator, where he worked on the delivery of price controls for regulated utilities.

Steven Speers

Steven has extensive experience in business development, management and sales, having owned and managed his own sales company, Speers & Associates, for 12 years. Steven holds a Diploma of Certified Financial Planner from the Chartered Institute for Securities & Investment, London.

Dr Hector Martin

Hector is a Civil Engineering lecturer at Queen's University Belfast, with 15 years industry experience. He is a Chartered Engineer that has led projects in 10 countries, served on Nature's Scientific Report board, and published 50+ scholarly articles.

Michael McKernan

Michael has spent 30 years working in Government, North and South, in energy and in strategic communications. He was Special Adviser to Northern Ireland's Social Development and Environment Ministers. He stepped down from the Mutual Energy Board in 2024.

Cheryl Surgeoner

Cheryl is Associate Director of UK Risk at Davy UK. She has 10 years' experience working with renewable energy/infrastructure funds, having acted as company secretary to a FTSE 250 renewable energy provider and an Irish-listed energy storage company.

Maria Martin

Maria is the Corporate Finance Director at Energean plc. Her role includes M&A, financing and investor relations. With 20 years of experience in energy, Maria was previously a banker at Societe Generale. Maria has a Masters in Mechanical Engineering from QUB.

Dr Bernard Mulholland

Bernard is a scientist, heating engineer/technician, entrepreneur and author and has achieved a Ph.D. (History, 2012), PG.Cert. (Marketing, 2022), MSc. (Management, 2018), MA (Byzantine Archaeology & Text, 2004), MA (Archaeology, 2001) and BA (Environmental Sciences, 2000).

Ed Wright

Ed has worked as a sustainability professional in industry, environmental consultancy practices and environmental NGOs. For the past number of years Ed has worked in the agri-food industry first with Lakeland Dairies (NI) and now as Head of Sustainability for Dale Farm Ltd.

Board Confirmations

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness. In discharging that responsibility, the Board confirms that it has established the procedures necessary to apply the Code, as far as it is relevant, including clear operating procedures, lines of responsibility and delegated authority.

A discussion of the process of identifying, evaluating and managing the significant financial, operational, compliance and general risks to the Group's business and of the key risks identified is included in the Risk Management section of the strategic report on pages 27 to 33.

The Board, during its annual review of the effectiveness of the Group's internal control and risk management systems, did not identify, nor was advised of, any failings or weaknesses which it has determined to be significant.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. Management is required to apply judgement in evaluating the risks we face in achieving our objectives, in determining the risks that are considered acceptable to bear, in assessing the likelihood of the risks concerned materialising, in identifying our ability to reduce the incidence and impact on the business of risks that do materialise, and in ensuring that the costs of operating particular controls are proportionate to the benefit.

Long Term Viability

The directors have assessed the viability of the Group over a five-year period to March 2030 taking account of the Group's current position and the potential impact of the principal risks documented in the strategic report on pages 29 to 33 including the impact of energy transition and global uncertainties impacting energy prices. Based on this assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over this period.

The directors have determined that the five-year period to March 2030 is an appropriate period over which to provide its viability statement, as this aligns with the period for which detailed business plans, and the associated scenarios, are prepared and this period is considered to have a greater level of certainty than could be achieved for a longer period.

In making this viability statement the directors have considered the Group's current position, its business plan and committed borrowing facilities. The Group's five-year business plan and other forecasts include detailed financial budgets and cashflow projections, and additional sensitivity and scenario analysis including plausible severe scenarios such as cable failure, pipeline rupture, trips and revenue variations. The business plan includes views and assumptions on the operating of the I-SEM market in Ireland, the operation of capacity markets in both GB and Ireland and the development of arrangements for rewarding services to the grid. The forecast cash generated over this period is adequate to meet the Group's anticipated liabilities as they fall due, including the scheduled partial repayment of bond capital and interest. This assessment has also considered the risks faced by the business and the potential impacts of these on the business, including the business' liquidity over the period. In making this assessment, the directors have also taken account of the protections which exist under the Group's electricity and gas transmission licences which allow for full recovery of costs, including finance costs. The directors consider that these arrangements, including the cross-guarantee of shippers within the gas businesses, protect the business from material detrimental impact of energy price volatility on budgeted cashflows.

Going Concern

The Directors have a reasonable expectation that the Group has adequate resources for a period of at least 12 months from the date of approval of the financial statements and have therefore assessed that the going concern basis of accounting is appropriate in preparing the financial statements and that there are no material uncertainties to disclose. This conclusion is based on a review of the resources available to the Group, taking account of the Group's financial projections together with available cash and committed borrowing facilities, as well as consideration of the Group's capital adequacy.

Financial Statements

Directors' Report for the Year Ended 31 March 2025

The Directors present their annual report and the audited financial statements of the Group and Parent Company for the year ended 31 March 2025. General information on the Company can be found on page 3 and within note 1 to the financial statements.

Results

The Group's profit for the year is £75,202,000 (2024: £12,121,000).

A review of our operational and financial performance, research and development activity, current position and future developments, and Streamlined Energy and Carbon Reporting is included in our Strategic report and is included in this report by cross-reference.

Directors

The Directors, who served the Group during the year and up to the date of signing the financial statements, were:

Patrick Anderson (resigned 25 September 2024)
David Gray
Patrick Larkin
Harold McCracken
Gerard McIlroy
Norman McKeown
Michael McKernan (resigned 25 September 2024)
Maureen O'Reilly (appointed 20 November 2024)
Ceri Richards

Going Concern

The Group is cash generative and the forecast cash generated is adequate to meet the Group's liabilities as they fall due over a period of at least 12 months from the date of approval of the financial statements, including the scheduled debt payments and, to comply with financing covenants, the required Annual Debt Service Cover Ratios. Required reserve accounts are fully funded and £45m of liquidity facilities are in place. Accordingly in view of the above the Directors consider it appropriate to adopt the going concern basis in the preparation of the financial statements.

Financial Risk Management

Please refer to note 25 to these financial statements for a description of the financial risks that the Group faces and how it addresses those risks.

Post Balance Sheet Events

There were no subsequent events that need to be brought to the attention of the users of the financial statements.

Directors' Indemnities

The Group has made a qualifying third party indemnity provision for the benefits of its Directors during the year and it remained in force at the date of this report.

Directors' Report for the Year Ended 31 March 2025 (Continued)

Political Contributions

Neither the Company nor any of its subsidiaries have made any political donations or incurred any political expenditure in the current year (2024: £Nil).

Other Information

An indication of likely future developments in the business have been included in the Strategic Report on pages 4 to 33.

Corporate Governance

Further details in respect of the Group's governance are set out within Group structure and governance on pages 34 to 57.

Statement of Disclosure of Information to Auditor

So far as each of the Directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the Group and Parent Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company's auditor is aware of that information.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and applicable law, and have elected to prepare the Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in the Directors' reports may differ from legislation in other jurisdictions.

Directors' Report for the Year Ended 31 March 2025 (Continued)

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements (Continued)

The directors are responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, and Group structure and governance report that complies with that law and those regulations.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

Each of the Directors, whose names and functions are listed on page 3 of this annual report, confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton (NI) LLP will therefore continue in office.

On behalf of the Board

Gerard McIlroy
Director

27 June 2025

First Floor
The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

Grant Thornton

Independent Auditor's Report to the Members of Mutual Energy Limited

Opinion

We have audited the financial statements of Mutual Energy Limited ("the Company") and its subsidiaries ("the Group''), which comprise the Consolidated statement of profit and loss and other comprehensive income; the Consolidated and Parent Company balance sheet; the Consolidated and Parent company statement of changes in equity; and Consolidated and Parent Company statement of cash flows for the year ended 31 March 2025, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards (UK-adopted IAS).

In our opinion, Mutual Energy Limited and group's financial statements:

- give a true and fair view in accordance with UK-adopted IAS of the financial position of the Group and the Company as at 31 March 2025 and of the Group financial performance and Group and Company's cash flows for the year then ended; and
- have been properly 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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 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 Company's ability to continue as a going concern for a period of at least twelve months from the date 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.

Other Information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Highlights for the year, Mutual at a glance, Chair's statement, Chief Executive's Report, Financial Review, Strategic Review, Responsible Business Reporting, Principal Risks and Uncertainties and Governance report which includes the Governance Structure, Board of Directors, Audit and Risk Committee report, Asset Oversight Committee report, Remuneration Committee report, Nominations Committee report, Membership Selections Committee report, Members, Board confirmations, and Directors' Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent Auditor's Report to the Members of Mutual Energy Limited (Continued)

Other Information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 the 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 any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where 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 and the part of the directors' remuneration report to be audited 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 Management and Those Charged With Governance for the Financial Statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted IAS, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and 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 management either intends to liquidate the Group or company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Responsibilities of the Auditor for the Audit of the Financial Statements

The objectives of an auditor 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 their 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.

Grant Thornton

Independent Auditor's Report to the Members of Mutual Energy Limited (Continued)

Responsibilities of the Auditor for the Audit of the Financial Statements (Continued)

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.

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Stock Exchange Listing Rules, Financial Conduct Authority's handbook, Data Privacy law, Employment Law, Environmental Regulations, Pensions Legislation, Health & Safety and those of the Utilities Regulator in Northern Ireland, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management board and audit committee on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group's regulatory and legal correspondence and review of minutes of board and audit committee meetings during the year to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;

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Independent Auditor's Report to the Members of Mutual Energy Limited (Continued)

Responsibilities of the Auditor for the Audit of the Financial Statements (Continued)

Explanation as to What Extent the Audit Was Considered Capable of Detecting Irregularities, Including Fraud (Continued)

- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including estimating the useful economic life of assets, estimates and assumptions used in the calculation of the decommissioning provision, judgements made in the application of IFRS 16: leases, judgements made on the contractual arrangements under EU market coupling; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities

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.

Ms. Louise Kelly
(Senior Statutory Auditor)

For and on behalf of
Grant Thornton (NI) LLP
Chartered Accountants & Statutory Auditors
Belfast
Northern Ireland
27 June 2025

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 March 2025

	Note	2025			2024		
		Results before movements in the fair value of derivatives £'000	Fair value movement in derivatives £'000	Total £'000	Results before movements in the fair value of derivatives £'000	Fair value movement in derivatives £'000	Total £'000
Revenue	2	150,790	-	150,790	119,621	-	119,621
Revenue rebate	2	(3,638)	-	(3,638)	(3,008)	-	(3,008)
Net revenue - continuing operations	2	147,152	-	147,152	116,613	-	116,613
Operating expenses	3	(57,067)	-	(57,067)	(53,609)	-	(53,609)
Reversal of/ (allowance for) doubtful debt	3	20,241	-	20,241	(20,241)	-	(20,241)
Other operating income		600	-	600	-	-	-
Operating profit		110,926	-	110,926	42,763	-	42,763
Finance income	5	14,378	4,738	19,116	10,214	1,584	11,798
Finance expenses	5	(29,179)	-	(29,179)	(39,133)	-	(39,133)
Finance expenses – net	5	(14,801)	4,738	(10,063)	(28,919)	1,584	(27,335)
Profit before income tax		96,125	4,738	100,863	13,844	1,584	15,428
Taxation	6	(24,520)	(1,141)	(25,661)	(2,954)	(353)	(3,307)
Profit and total comprehensive income for the year attributable to the owners of the parent	17	71,605	3,597	75,202	10,890	1,231	12,121

All results arise from continuing operations.

The notes on pages 68 to 97 are an integral part of these consolidated financial statements.

Consolidated and Parent Company Balance Sheet at 31 March 2025

		Group		Company	
	Note	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Non-current assets					
Property, plant and equipment	8	**281,420**	292,144	**706**	389
Intangible assets	9	**167,759**	175,748	**-**	-
Investments in subsidiaries	10	**-**	-	**-**	-
Other investments	11	**214**	214	**-**	-
Trade and other receivables	12a	**12,267**	-	**-**	-
Deferred tax assets	21	**10,278**	23,284	**93**	102
		471,938	491,390	**799**	491
Current assets					
Trade and other receivables	12b	**38,712**	31,319	**1,227**	1,210
Inventories	13	**-**	57	**-**	-
Tax receivable		**8,973**	9,039	**-**	-
Financial assets	14	**49,319**	48,934	**537**	2,030
Cash and cash equivalents	15	**231,165**	152,652	**5,162**	2,038
		328,169	242,001	**6,926**	5,278
Total assets		**800,107**	733,391	**7,725**	5,769
Equity and liabilities					
Equity attributable to the owners of the parent					
Share capital	16	**-**	-	**-**	-
Retained earnings/(deficit)	17	**137,572**	62,370	**(2,438)**	(3,750)
Total equity/(deficit)		**137,572**	62,370	**(2,438)**	(3,750)
Non-current liabilities					
Interest bearing loans and borrowings	18	**453,390**	463,769	**483**	225
Provisions	20	**2,722**	2,959	**-**	-
Deferred tax liabilities	21	**51,143**	50,752	**-**	-
Government grants	22	**63,575**	65,997	**-**	-
Derivative financial instruments	25	**37,474**	42,212	**-**	-
		608,304	625,689	**483**	225
Current liabilities					
Trade and other payables	23	**25,941**	17,938	**9,517**	9,164
Interest bearing loans and borrowings	18	**25,819**	24,924	**163**	130
Government grants	22	**2,471**	2,470	**-**	-
		54,231	45,332	**9,680**	9,294
Total liabilities		**662,535**	671,021	**10,163**	9,519
Total equity and liabilities		**800,107**	733,391	**7,725**	5,769

The notes on pages 68 to 97 are an integral part of these financial statements.

The financial statements on pages 65 to 97 were authorised for issue by the Board of Directors on 27 June 2025 and were signed on its behalf by

Patrick Larkin
Director

Gerard McIlroy
Director

Mutual Energy Limited
Registered number: NI053759

Consolidated and Parent Company Statement of Changes in Equity
for the Year Ended 31 March 2025

Group	Share Capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2023	-	50,249	50,249
Profit and total comprehensive income for the year	-	12,121	12,121
At 31 March 2024	-	62,370	62,370
Profit and total comprehensive income for the year	-	75,202	75,202
At 31 March 2025	**-**	**137,572**	**137,572**

Company	Share Capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2023	-	(3,996)	(3,996)
Profit and total comprehensive income for the year	-	246	246
At 31 March 2024	-	(3,750)	(3,750)
Profit and total comprehensive income for the year	-	1,312	1,312
At 31 March 2025	**-**	**(2,438)**	**(2,438)**

The notes on pages 68 to 97 are an integral part of these consolidated financial statements.

Consolidated and Parent Company Cash Flow Statements
for the Year Ended 31 March 2025

		Group		Company	
	Note	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash flows from operating activities					
Profit before tax		**100,863**	15,428	**1,250**	330
Adjustments for:					
Finance expenses/(income)	5	**10,063**	27,335	**(1,693)**	(129)
Depreciation of property, plant and equipment	8	**12,848**	12,649	**186**	155
Loss/(profit) on disposal of property, plant and equipment		**160**	138	**(1)**	-
Amortisation and release of government grants	22	**(2,471)**	(2,469)	**-**	-
Amortisation of intangible assets	9	**7,989**	8,005	**-**	-
Movement in inventories		**57**	-	**-**	-
Reversal of/(allowance for) doubtful debt		**(20,241)**	20,241	**-**	-
Movement in trade and other receivables		**2,623**	(7,981)	**(77)**	(578)
Movement in trade and other payables		**9,167**	2,581	**470**	351
Income tax paid		**(12,198)**	(10,500)	**(132)**	(60)
Net cash from operating activities		**108,860**	65,427	**3**	69
Cash flows from investing activities					
Interest received		**12,317**	9,977	**203**	137
Returns from financial asset		**1,493**	893	**-**	-
Purchase of property, plant and equipment		**(3,186)**	(35,515)	**(57)**	(18)
Proceeds from sale of property, plant and equipment		**1**	-	**1**	-
Investment in financial assets		**(1,877)**	(7,109)	**1,493**	(2,030)
Dividends received		**-**	-	**1,650**	-
Receipt of grants		**50**	60	**-**	-
Net cash from/(used in) investing activities		**8,798**	(31,694)	**3,290**	(1,911)
Cash flows from financing activities					
Interest paid		**(16,181)**	(15,750)	**-**	-
Repayment of borrowings		**(22,483)**	(21,521)	**-**	-
Lease payments		**(481)**	(395)	**(169)**	(133)
Net cash used in financing activities		**(39,145)**	(37,666)	**(169)**	(133)
Movement in cash and cash equivalents		**78,513**	(3,933)	**3,124**	(1,975)
Cash and cash equivalents at 1 April	15	**152,652**	156,585	**2,038**	4,013
Cash and cash equivalents at 31 March	15	**231,165**	152,652	**5,162**	2,038

The notes on pages 68 to 97 are an integral part of these consolidated financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements

General information

The Group's principal activities during the year were the financing and operation, through its subsidiaries, of the Moyle Interconnector which links the electricity transmission systems of Northern Ireland and Scotland, the Scotland Northern Ireland pipeline which links the gas transmission systems of Northern Ireland and Scotland, the Belfast Gas Transmission Pipeline which transports gas to Greater Belfast and Larne, the West Transmission Pipeline which transports gas to 7 towns in the West of Northern Ireland and through its offtake at Strabane. The Company is a private company limited by guarantee which is incorporated, registered and domiciled in Northern Ireland. The registered number of the Company is NI053759 and the address of the registered office is First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH.

These Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. All of the Group and Parent Company's assets and liabilities are denominated in Sterling with the exception of the Group's investments and certain payables and receivables in relation to Euro sales contracts.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

These financial statements were authorised for issue by the Board of Directors on 27 June 2025 and were signed on their behalf by Patrick Larkin and Gerard McIlroy. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The Group financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards ("UK-adopted IAS") as applied in accordance with the provisions of the Companies Act 2006 and have elected to prepare the Company financial statements on the same basis. The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of assets and liabilities mandatorily at fair value through profit and loss and derivative hedging instruments. The preparation of financial statements in conformity with UK-adopted IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on pages 77 to 79.

The Company has availed of the exemption permitted by Section 408 of the Companies Act 2006, and so the Parent Company's statement of profit and loss and other comprehensive income has not been included in these financial statements.

New Standards, Amendments or Interpretations

Newly Adopted Standards

The Group has adopted the following IFRSs in these financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

The adoption of these amendments to IFRSs did not result in material changes to the Group or Parent Company financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Adopted IFRS Not Yet Applied

The following Adopted IFRSs have been issued but have not been applied by the Group or Parent Company in these financial statements. Their application is not expected to have a material effect on the financial statements unless otherwise indicated and no disclosures have been made:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

Basis of Consolidation

The consolidated financial statements consolidate the financial statements of Mutual Energy Limited and its subsidiary undertakings drawn up to 31 March 2025. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. They are deconsolidated from the date that control ceases.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Presentation of Statement of Profit and Loss and Other Comprehensive Income

The Group has adopted a six column format to the Group statement of profit and loss and other comprehensive income to allow users to appreciate the impact of the fair value of derivatives on the results for both the current and prior year.

Going Concern

The Company has net liabilities, however, the Company and Group are cash generative and the forecast cash generated is adequate to meet the liabilities as they fall due over a period of at least 12 months from the date of approval of the financial statements, including the scheduled debt payments and, to comply with financing covenants, the required Annual Debt Service Cover Ratios. Required reserve accounts are fully funded and £45m of liquidity facilities are in place. Accordingly in view of the above the Directors consider it appropriate to adopt the going concern basis in the preparation of the financial statements.

Segment Reporting

The Group is not within the scope of IFRS 8 as none of its securities are publicly traded, however, the Group does provide segment analysis voluntarily. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Foreign Exchange

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statements
for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Revenue

Revenue comprises the fair value of the consideration received or receivable from:

- the sale of capacity on the Premier Transmission Pipeline which links the gas transmission systems of Northern Ireland and Great Britain;
- the sale of capacity on the Belfast Gas Transmission Pipeline which transports gas to Greater Belfast and Larne;
- the sale of capacity on the West Transmission Pipeline which transports gas to the West of Northern Ireland and through its offtake at Maydown; and
- fees for the transmission of electricity either way between Northern Ireland and Scotland on the Moyle Interconnector and services provided to the Grid, including being available during times of system stress.

All revenue is generated within the United Kingdom. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating income within the Group. Revenue is recognised in the period in which the services are provided to the System Operators or customers.

Gas businesses – revenue is recognised in accordance with the terms of the licence issued by the regulatory authority, namely in line with the applicable costs incurred by the companies over the same period.

Electricity business – revenue is made up of two parts: commercial revenue and tariff revenue.

Commercial Revenue

Commercial revenue comprises the fair value of the consideration received or receivable for making available the capability of the interconnector to the System Operators, SONI and National Grid ESO via the overarching market arrangements. This capability is provided to the System Operators via either direct contracts for services or industry wide contractual arrangements. The revenues are accounted for in line with the delivery of the services provided under the overarching market arrangements.

Tariff Revenue

The interconnector is entitled to collect revenue via a tariff known as the Collection Agency Income Requirement (CAIRt). CAIRt revenue is recognised in line with the income recovered by, SONI on Moyle's behalf via Northern Ireland electricity tariffs, as provided for in Moyle's Collection Agency Agreement. No CAIRt revenue was required throughout the current or prior year.

Tariff Revenue Rebate

When there is an agreement in place to rebate revenue via a tariff reduction, tariff revenue rebates are recognised in line with the rebates passed through to Northern Ireland electricity tariffs by SONI, on Moyle's behalf. In the current year a revenue rebate of £3,638,000 was paid (2024: £3,008,000), see note 2 for further details.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Finance Income and Finance Expenses

Finance income comprises interest income on funds invested, negative interest on leases and net foreign exchange gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expenses include interest expense on borrowings, unwinding of the discount on provisions, fair value movements on financial instruments and net foreign exchange losses. Interest expense is recognised as it accrues in profit or loss using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Research and Development

Research and development costs are recognised as an expense when incurred.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved at an annual general meeting.

Intangible Assets

(a) Goodwill

Goodwill represents the excess of fair value of consideration paid over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Licences

Acquired licences are shown at historical cost. Licences have a finite useful economic life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful economic lives. The estimated remaining useful economic life of the licences at the end of the financial year is 9 years for Premier Transmission, 12 years for Moyle Interconnector and 27 years for Belfast Gas Transmission. The useful economic life of the licences is linked to the allowances to cover repayment of debts and is independent of the full terms of the licences or the useful lives of the assets.

(c) Other Intangibles

Other intangibles relate to revenue entitlements in respect of capital contributions made to other gas network operators and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Such entitlements are amortised over the life of the debt which financed these capital contributions, which aligns with the period upon which the revenue entitlement is recovered. Revenue is recovered over the period to September 2054 and as such the Group has concluded that these assets have a remaining useful economic life as at 31 March 2025, of 29.5 years.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises purchase cost plus any costs directly attributable to bringing the asset into operation and an estimate of any decommissioning costs. In the event the cost of the works has not been fully established, an estimate is used based on best available information. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. An asset is derecognised upon disposal or when no future economic benefit is expected to arise from the asset. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

The charge for depreciation is calculated so as to write off the depreciable amount of assets over their estimated useful economic lives on a straight line basis. The useful economic lives of each major class of depreciable asset are as follows:

Gas pipelines	43 – 58 years
Electricity interconnector	25 – 40 years
Control equipment	15 - 20 years
Plant and machinery	15 – 31 years
Office and computer equipment	2 - 4 years
Right-of-use assets	2 – 36 years

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction are stated at historical cost less any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying value amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Assets under construction are not depreciated until commissioned.

Leases

The Group does not act as a lessor on any leases. The accounting policies presented below set out the policies for recognising leases where the Group acts as a lessee.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Leases (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'interest bearing loans and borrowings' in the balance sheet (see notes 8 and 18 respectively).

Short-Term Leases And Leases of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Investments

Investments in subsidiaries are recognised initially at fair value and measured at cost less impairment.

Investments in other unquoted companies are recorded at fair value, which is the consideration paid. These assets are subsequently measured at fair value. For those who do not have a quoted price on an active market and whose fair value cannot be reliably measured they are recorded at cost. Any movements in fair value are recognised in the statement of profit and loss.

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 such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset or CGU. Where the carrying amount of an asset 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. Impairment losses of continuing operations are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

Reversal of Impairment Losses

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Fair value on initial recognition is deemed to be the fair value of consideration given or received for the financial instrument inclusive of any premiums or discounts. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and Subsequent Measurement

Financial Assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through profit or loss ("FVTPL"); or fair value through other comprehensive income ("FVOCI") – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Investments in subsidiaries are carried at cost less impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost – these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI – these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial Liabilities and Equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet either of the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; or

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Financial Instruments (Continued)

(ii) Classification and Subsequent Measurement (Continued)

Financial Liabilities and Equity (Continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derivative Financial Instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

(iv) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets and contract assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-Offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/Judgements (Continued)

Financial Instruments (Continued)

(iv) Impairment (Continued)

Derecognition – Financial Assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Derecognition – Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial Liabilities at Amortised Cost (Financial Instruments)

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss within finance expenses over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(b) Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Inventories

Inventories represent assets which are intended to be used in order to generate revenue in the short-term to maintain the network. Inventories are stated at the lower of weighted average cost and net realisable value. Where applicable, cost comprises direct materials and direct labour costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition.

Decommissioning Provision

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Decommissioning costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning provision is included within finance expenses in the statement of profit and loss. The estimated future costs of the decommissioning obligations are regularly reviewed and adjusted as appropriate, through property, plant and equipment, for new circumstances or changes in law or technology. The decommissioning costs have been capitalised within property, plant and equipment and depreciated in line with Group policy.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/Judgements (Continued)

Taxation (Continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided:

- for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are included in current and non-current liabilities as deferred government grants and are credited to profit or loss on a straight line basis over the expected useful economic lives of the related assets.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Critical Accounting Estimates and Judgements

Estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below:

(a) Estimate of useful economic life of assets

The Group assesses the useful life of assets on an annual basis.

The remaining useful economic life of the Moyle interconnector was assessed at 18 years (2024: 19) at the beginning of the year and the net book value was £71,854,000. If the remaining useful economic life had been assessed as 19 (2024: 20) years, depreciation would have decreased by £210,000 (2024: £200,000) and if the remaining useful economic life had been assessed as 17 (2024: 18) years, depreciation would have increased by £235,000 (2024: £223,000).

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Critical Accounting Estimates and Judgement (Continued)

Estimates (Continued)

(a) Estimate of useful economic life of assets (Continued)

The remaining useful economic life of Premier Transmission's Pipeline was determined as approximately 30.5 (2024: 31.5) years at the beginning of the year and the net book value was £55,232,000. If the remaining useful economic life had been 31.5 (2024: 32.5) years, depreciation would have decreased by £57,000 (2024: £56,000) and if the remaining useful economic life had been assessed at 29.5 (2024: 30.5) years, depreciation would have increased by £61,000 (2024: £59,000).

The remaining useful economic life of the Belfast Gas Transmission pipeline was determined as approximately 30.5 (2024: 31.5) years at the beginning of the year and the net book value was £24,895,000. If the remaining useful economic life had been assessed at 31.5 (2024: 32.5) years depreciation would have decreased by £26,000 (2024: £21,000) and if the remaining useful economic life had been assessed at 29.5 (2024: 30.5) years, depreciation would have increased by £28,000 (2024: £22,000).

The remaining useful economic life of the West Transmission pipeline was determined as approximately 38.25 (2024: 39.25) years at the beginning of the year and the net book value was £93,825,000. If the remaining useful economic life had been assessed at 39.25 (2024: 40.25) years, depreciation would have decreased by £62,000 (2024: £61,000) and if the remaining useful economic life had been assessed at 37.25 (2024: 38.25) years, depreciation would have increased by £66,000 (2024: £64,000).

The remaining useful economic life of Moyle Interconnector's licence was determined as approximately 13 (2024: 14) years at the beginning of the year and the net book value was £21,596,000. If the remaining useful economic life had been assessed at 14 (2024: 15) years, amortisation would have decreased by £119,000 (2024: £111,000) and if the remaining useful economic life had been assessed at 12 (2024: 13) years, amortisation would have increased by £138,000 (2024: £128,000).

The remaining useful economic life of Premier Transmission's licences was determined as approximately 10 (2024: 11) years at the beginning of the year and the net book value was £14,007,000. If the remaining useful economic life had been assessed at 11 (2024: 12) years, amortisation would have decreased by £127,000 (2024: £117,000) and if the remaining useful economic life had been assessed at 9 (2024: 10) years, amortisation would have increased by £156,000 (2024: £140,000).

The remaining useful economic life of Belfast Gas Transmission's licence was determined as approximately 28 (2024: 29) years at the beginning of the year and the net book value was £69,626,000. If the remaining useful economic life had been assessed at 29 (2024: 30) years, amortisation would have decreased £86,000 (2024: £83,000) and if the remaining useful economic life had been assessed at 27 (2024: 28) years, amortisation would have increased by £92,000 (2024: £89,000).

(b) Estimate of assumptions used in the calculation of the decommissioning provision

The decommissioning provision, which is disclosed in note 20, has been estimated at current prices and has therefore been increased to decommissioning date by an inflation rate of 3.24% (2024: 3.20%) based on expected time of expenditure of 17 years (2024: 18 years). The decommissioning provision has been discounted using a rate of 5.13% (2024: 4.34%).

The effect of changing the discount rate, inflation rate and timing of expenditure on the decommissioning provision is disclosed in the table below.

	Increase/(decrease) in provision	
	2025 £'000	**2024 £'000**
Increase in inflation rate by 1%	**485**	561
Decrease in inflation rate by 1%	**(415)**	(476)
Increase in discount rate by 1%	**(405)**	(467)
Decrease in discount rate by 1%	**480**	560
Increase in useful economic life of the asset by one year	**(49)**	(32)
Decrease in useful economic life of the asset by one year	**50**	33

Notes to the Financial Statements for the Year Ended 31 March 2025

1. Material Accounting Policies and Critical Accounting Estimates/ Judgements (Continued)

Critical Accounting Estimates and Judgements (Continued)

Judgements

(c) Judgements made in the implementation of IFRS 16 Leases

The remaining useful lives of the right-of-use assets in respect of the Group's Crown Estate leases were determined to be in line with the useful life of the related assets, with extensions and cancellable terminations assumed where this is probable. Property lease terms were set in line with non-cancellable periods under the leases. Information relating to leases has been disclosed in note 19.

(d) Contractual arrangements under EU market coupling

Revenue, which will vary dependent on market circumstances, is recorded in line with the services provided to the system operators in each financial year. The movement of power across the interconnector is effectively predefined by the market rules and will move from the lower priced market to the higher priced market in accordance with a schedule provided by the System Operator in Northern Ireland (SONI), unless this is inconsistent with a system support contract in which case the power will move for a short period in line with separate contractual arrangements with National Grid ESO or SONI.

The Group does not sell directly to market participants, rather our base entitlement is to the value of the power flown across the interconnector, which is the difference in market price between the two markets multiplied by the amount of power moved after adjusting for losses. The Group is obliged to make available to Eirgrid and SONI, operating as a body known as SEMOpx, the full capacity, subject to restrictions imposed by the System Operators, of the Interconnector for this purpose. SEMOpx make the capacity available in intraday auctions bilaterally coupled with the GB market. The scheduling of the physical movement of power across the interconnector in the majority of conditions is subject to the requirements of the System Operators (albeit in accordance with pre-defined rules). The schedule is amended in line with defined responses in certain conditions based upon independent contracts with National Grid ESO and SONI. The activities of the interconnector are therefore subject to the requirements of Eirgrid, SONI and National Grid ESO for the majority of time, however the Company is still exposed to the risks of financial loss from outages and to variations in revenue driven by the power price differential between GB and Ireland. Revenue recognition is therefore aligned with the services provided to the system operators in each period.

(e) Timing of receipts

Included within Group trade and other receivables is an amount of £20,212,000 (£11,095,000 non-current and £9,117,000 current) (2024: €23,666,000 plus €4,733,000 VAT (£20,241,000 Sterling equivalent plus £4,042,000 VAT), all current), in relation to capacity constraints imposed against Moyle Interconnector which were the subject of a legal dispute. Arbitration proceedings have since confirmed Moyle's entitlement to this revenue and it has been agreed that the remaining debt and associated interest will be recovered in 12 monthly instalments over the period November 2025 to October 2026. The quantum of each monthly payment is not known in advance as these are dependent on amounts recovered through the tariff, however, judgement has been used to estimate the portion obtained in each month based on historic profiles of income recovery through electricity tariffs.

2. Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating businesses are organised and managed separately according to the nature of the services provided. Moyle Interconnector Limited sells interconnector services including the rights to transmit electricity between Scotland and Northern Ireland along with ancillary services to support the electricity networks in Northern Ireland and Great Britain, Premier Transmission Limited sells capacity on the Scotland Northern Ireland Pipeline for the transmission of gas between Scotland and Northern Ireland, Belfast Gas Transmission Limited sells capacity for the transmission of gas to Greater Belfast and Larne, and West Transmission Limited sells capacity for the transmission of gas to the West of Northern Ireland. All of the Group's operating businesses are located in the United Kingdom and the services provided are in the United Kingdom.

Notes to the Financial Statements for the Year Ended 31 March 2025

2. Segment Information (Continued)

The segment information provided to the strategic steering committee for the reportable segments is as follows:

Group Year ended 31 March 2025	Moyle Interconnector Group £'000	Premier Transmission Group £'000	Belfast Gas Transmission Group £'000	West Transmission Group £'000	Other £'000	Total £'000
Segment revenue from external customers	96,226	30,280	13,347	10,854	83	150,790
Revenue rebate	(3,638)	-	-	-	-	(3,638)
Net revenue	92,588	30,280	13,347	10,854	83	147,152
Segment (expenses)/income	(15,025)	(15,043)	(4,448)	(4,150)	(35)	(38,701)
Reversal of allowance for doubtful debt	20,241	-	-	-	-	20,241
Other operating income	600	-	-	-	-	600
Amortisation of intangible assets	(1,661)	(1,402)	(2,486)	(2,440)	-	(7,989)
Depreciation (net of government grants)	(4,900)	(1,351)	(845)	(3,093)	(188)	(10,377)
Finance income	10,077	2,256	798	1,001	246	14,378
Finance expenses	(4,386)	(8,276)	(10,031)	(6,505)	19	(29,179)
Fair value adjustment on derivative financial instruments	-	4,738	-	-	-	4,738
Profit/(loss) before tax	97,534	11,202	(3,665)	(4,333)	125	100,863
Tax (charge)/credit	(24,410)	(3,027)	916	891	(31)	(25,661)
Profit/(loss) for the year	73,124	8,175	(2,749)	(3,442)	94	75,202
Assets						
Segment assets	338,384	144,490	116,303	192,273	8,657	800,107
Capital expenditure	860	176	936	-	58	2,030
Segment liabilities	93,589	115,929	198,685	251,000	3,332	662,535

Group Year ended 31 March 2024	Moyle Interconnector Group £'000	Premier Transmission Group £'000	Belfast Gas Transmission Group £'000	West Transmission Group £'000	Other £'000	Total £'000
Segment revenue from external customers	67,417	31,138	11,653	9,409	4	119,621
Revenue rebate	(3,008)	-	-	-	-	(3,008)
Net revenue	64,409	31,138	11,653	9,409	4	116,613
Segment (expenses)/income	(14,195)	(15,351)	(3,304)	(3,205)	631	(35,424)
Allowance for doubtful debt	(20,241)	-	-	-	-	(20,241)
Amortisation of intangible assets	(1,661)	(1,402)	(2,486)	(2,456)	-	(8,005)
Depreciation (net of government grants)	(4,866)	(1,343)	(719)	(3,095)	(157)	(10,180)
Finance income	5,647	2,305	687	1,427	148	10,214
Finance expenses	(8,565)	(7,740)	(11,890)	(10,959)	21	(39,133)
Fair value adjustment on derivative financial instruments	-	1,584	-	-	-	1,584
Profit/(loss) before tax	20,528	9,191	(6,059)	(8,879)	647	15,428
Tax (charge)/credit	(5,190)	(1,833)	1,515	2,363	(162)	(3,307)
Profit/(loss) for the year	15,338	7,358	(4,544)	(6,516)	485	12,121
Assets						
Segment assets	268,060	141,343	115,911	202,061	6,016	733,391
Capital expenditure	424	233	840	11,566	18	13,081
Segment liabilities	104,071	121,074	194,950	248,429	2,497	671,021

Notes to the Financial Statements for the Year Ended 31 March 2025

2. Segment Information (Continued)

Disaggregation of Revenue

Group	2025 £'000	2024 £'000
Electricity business revenue:		
Commercial revenue		
Revenue from power transfers	69,543	40,125
Revenue from power transfers which were constrained	338	155
System services	10,364	15,028
Capacity market	15,967	11,988
Total commercial revenue	96,212	67,296
Other	14	121
Total electricity business revenue	96,226	67,417
Gas business revenue	54,481	52,200
Other	83	4
Total revenue	150,790	119,621
Electricity tariff revenue rebate	(3,638)	(3,008)
Net revenue	147,152	116,613

All revenues are generated from the Group's country of domicile, the United Kingdom.

Revenues from the Group's gas transmission businesses of £54,481,000 (2024: £52,200,000) are obtained under the postalised system (which is a system by which the Group earns sufficient revenues to cover its operating costs and debt repayments) and cannot be attributed to individual customers.

As noted on page 79 in critical accounting judgments and estimates section (d), the scheduling of the physical flow of power on the Moyle Interconnector is subject to the requirements of the system operators. The market arrangements are enduring and have no end date. The resulting revenue from power transfers is variable income depending upon the difference in market spreads.

The Group's electricity business system services and capacity market revenue split by customer (for those exceeding 10% of total revenues) is as follows:

	2025 £'000	2024 £'000
Customer A	21,060	23,694

Tariff income is recovered by SONI on Moyle's behalf via Northern Ireland electricity tariffs.

The tariff revenue rebate relates to a rebate of revenue previously recovered through the tariff mechanism.

Commercial revenue includes £70.3m (2024: £40.4m) which was receivable in Euro.

3. Operating Expenses

Group	2025 £'000	2024 £'000
Staff costs (note 4)	4,505	4,109
Depreciation and amortisation (excluding right-of-use assets)	20,416	20,270
Loss on disposal of property, plant and equipment	160	138
Depreciation of right-of-use assets	421	384
Amortisation of deferred government grants (note 22)	(2,471)	(2,469)
Auditors' remuneration:		
Audit of these financial statements	17	15
Audit of financial statements of subsidiaries	186	184
Other services	24	19
(Reversal of)/allowance for doubtful debt	(20,241)	20,241
Maintenance and insurance	9,213	9,055
Other expenses	24,596	21,904
Total operating expenses	36,826	73,850

Other expenses include costs payable for capacity on the South West of Scotland pipeline owned by Gas Networks Ireland (UK), engineering works, rates, and licence fees, together with overheads and general administrative costs.

Notes to the Financial Statements for the Year Ended 31 March 2025

4. Staff Numbers and Cost

Group	2025 £'000	2024 £'000
Wages and salaries	3,544	3,366
Social security costs	462	419
Pension costs	499	324
Total	4,505	4,109

The average monthly number of employees during the year (including Directors holding contracts of service with the Group) was 43 (2024: 39). All staff perform asset management and development activities.

	2025 Number	2024 Number
Members of defined contribution pension scheme	43	42

	2025 £'000	2024 £'000
Directors' emoluments		
Aggregate emoluments	921	850
Company contributions to defined contribution pension scheme	37	35
Other benefits	5	3
Total	963	888

Directors' emoluments represent the remuneration of the Group's executive and Non-Executive Directors. The emoluments of the highest paid director were £411,000 (2024: £365,000), of which £21,000 (2024: £20,000) related to company contributions to a defined contribution pension scheme.

5. Finance Income and Expense

Group	2025 £'000	2024 £'000
Interest expense:		
Borrowings (including borrowing fees)	28,598	36,084
Bank charges	335	328
Lease interest (note 19)	21	21
Unwinding of discount on decommissioning provision (note 20)	128	119
Foreign exchange loss	97	616
Other finance expenses	–	1,965
Finance expenses	29,179	39,133
Interest income:		
Short-term bank deposits	(12,207)	(10,214)
Other interest income	(2,171)	-
Fair value adjustment in respect of derivative financial instruments (note 25)	(4,738)	(1,584)
Finance income	(19,116)	(11,798)
Finance expenses – net	10,063	27,335

Other interest income includes interest earned on unpaid trade and other receivables.

Fair Value Adjustment in Respect of Derivative Financial Instruments

The consolidated statement of profit and loss and other comprehensive income has been presented in a 6 column format in order to allow users to appreciate the impact of derivatives on the results for the year. The Group has swaps that are designed to hedge the inflation risk in revenue, however these were not designated as hedges upon inception as they did not qualify under IAS 39. There has been no change in the treatment under IFRS 9. The Directors believe that by separating gains and losses arising from the revaluation of these swaps, the user of this financial information will better understand the underlying performance of the Group.

Notes to the Financial Statements for the Year Ended 31 March 2025

6. Taxation

Group Recognised in profit and loss	2025 £'000	2024 £'000
Current income tax:		
Current tax on profit for the year	12,294	2,267
Adjustments in respect of prior years	(30)	46
Total current income tax	12,264	2,313
Deferred income tax:		
Origination and reversal of temporary differences	13,516	1,381
Adjustments in respect of prior years	(119)	(387)
Total deferred income tax (note 21)	13,397	994
Tax charge	25,661	3,307

The income tax charge in the statement of profit and loss for the year is higher than the standard rate of corporation tax in the UK of 25% (2024: 25% lower). The differences are reconciled below:

Group Reconciliation of effective tax rate	2025 £'000	2024 £'000
Profit before income tax	100,863	15,428
Tax calculated at the UK standard rate of corporation tax of 25% (2024: 25%)	25,216	3,857
Effects of:		
Non deductible expenses	1,244	433
Income not taxable	(177)	(642)
Adjustments in respect of prior years	(149)	(341)
Deferred tax asset not recognised on loss carry forward	(473)	-
Tax charge	25,661	3,307

Future Tax Changes

The corporation tax rate is 25% for companies generating taxable profits of more than £250,000. Deferred tax has been calculated at the rate at which the balances are expected to be settled, based on tax rates that have been substantively enacted at the balance sheet date (see note 21).

7. Profit Attributable to Members of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the Parent Company's Statement of profit and loss and other comprehensive income has not been included in these financial statements. The profit dealt with in the financial statements of the Parent Company is £1,312,000 (2024: £246,000).

Notes to the Financial Statements for the Year Ended 31 March 2025

8. Property, Plant and Equipment

Group	Gas pipelines £'000	Electricity inter-connector £'000	Control equipment £'000	Plant and machinery £'000	Office and computer equipment £'000	Assets under construction £'000	Right-of-use assets £'000	Total £'000
Cost								
At 1 April 2023	239,930	176,161	26,089	20,263	414	3,627	8,207	474,691
Additions	10,290	-	-	2,104	18	669	149	13,230
Transfer into use	3,563	-	-	42	-	(3,605)	-	-
Disposals	(325)	-	-	-	(206)	-	(38)	(569)
Lease modification	-	-	-	-	-	-	204	204
Movement in decommissioning provision	-	(277)	-	-	-	-	-	(277)
At 31 March 2024	253,458	175,884	26,089	22,409	226	691	8,522	487,279
Additions	33	-	275	274	57	1,391	172	2,202
Transfer into use	-	-	424	148	-	(572)	-	-
Disposals	(408)	-	-	-	(28)	-	-	(436)
Lease modification	-	-	-	-	-	-	448	448
Movement in decommissioning provision	-	(365)	-	-	-	-	-	(365)
At 31 March 2025	**253,083**	**175,519**	**26,788**	**22,831**	**255**	**1,510**	**9,142**	**489,128**
Accumulated depreciation								
At 1 April 2023	74,715	100,038	870	5,549	367	-	1,378	182,917
Depreciation charge for the year	4,977	3,992	1,735	1,531	30	-	384	12,649
Disposals	(187)	-	-	-	(206)	-	(38)	(431)
At 31 March 2024	79,505	104,030	2,605	7,080	191	-	1,724	195,135
Depreciation charge for the year	5,090	3,992	1,761	1,554	30	-	421	12,848
Disposals	(247)	-	-	-	(28)	-	-	(275)
At 31 March 2025	**84,348**	**108,022**	**4,366**	**8,634**	**193**	**-**	**2,145**	**207,708**
Net book value								
At 31 March 2025	**168,735**	**67,497**	**22,422**	**14,197**	**62**	**1,510**	**6,997**	**281,420**
At 31 March 2024	173,953	71,854	23,484	15,329	35	691	6,798	292,144
At 1 April 2023	165,215	76,123	25,219	14,714	47	3,627	6,829	291,774

Assets under construction at 1 April 2023 related entirely to costs for work in progress in Belfast Gas Transmission, of which £3,563,000 were pipeline assets, with the reminder being plant and machinery. At 31 March 2024, Belfast Gas Transmission held £267,000 of plant and machinery assets under construction, with a further £424,000 of costs related to control equipment in Moyle Interconnector.

At 31 March 2025, assets under construction included £586,000 of costs relating to solar panel and uninterruptible power supply assets in Moyle Interconnector and £924,000 for Belfast Gas Transmission plant and machinery work in progress.

At 31 March 2025, the Group had capital commitments of £804,000. At 31 March 2024, there were no capital commitments.

Borrowings are secured on all of the property, plant and equipment of the Group.

Depreciation expense of £12,848,000 (2024: £12,649,000) has been fully charged to operating expenses.

Lease modifications relate to leases for our offices at the Arena Building, with both the 1st floor and 4th floor leases extended to 2030. There has also been an increase in the costs for the Crown Estate lease.

As noted on page 79, the activities of the interconnector asset set out above are subject to the requirements of the system operators under the overarching market arrangements.

Notes to the Financial Statements for the Year Ended 31 March 2025

8. Property, Plant and Equipment (Continued)

Company	Office and computer equipment £'000	Right-of-use assets £'000	Total £'000
Cost			
At 1 April 2023	366	684	1,050
Additions	18	102	120
Disposals	(206)	-	(206)
At 31 March 2024	178	786	964
Additions	57	172	229
Lease modifications	-	274	274
Disposals	(28)	-	(28)
At 31 March 2025	**207**	**1,232**	**1,439**
Accumulated depreciation			
At 1 April 2023	319	307	626
Depreciation charge for the year	30	125	155
Disposals	(206)	-	(206)
At 31 March 2024	143	432	575
Depreciation charge for the year	30	156	186
Disposals	(28)	-	(28)
At 31 March 2025	**145**	**588**	**733**
Net book value			
At 31 March 2025	**62**	**644**	**706**
At 31 March 2024	35	354	389
At 1 April 2023	47	377	424

Depreciation expense of £186,000 (2024: £155,000) has been fully charged to operating expenses.

9. Intangible Assets

Group	Goodwill £'000	Licences £'000	Other intangibles £'000	Total £'000
Cost				
At 1 April 2023, at 31 March 2024 and **at 31 March 2025**	**2,435**	**206,535**	**82,149**	**291,119**
Accumulated amortisation				
At 1 April 2023	-	95,760	11,606	107,366
Amortisation for the year	-	5,549	2,456	8,005
At 31 March 2024	-	101,309	14,062	115,371
Amortisation for the year	-	5,549	2,440	7,989
At 31 March 2025	**-**	**106,858**	**16,502**	**123,360**
Net book value				
At 31 March 2025	**2,435**	**99,677**	**65,647**	**167,759**
At 31 March 2024	2,435	105,226	68,087	175,748
At 1 April 2023	2,435	110,775	70,543	183,753

Licences include intangible assets acquired through business combinations. Licences have been granted for a minimum of 29 years (Scotland to Northern Ireland pipeline), 44 years (Belfast Gas Transmission pipeline) and 35 years (electricity transmission). The Group has concluded that these assets have a remaining useful economic life of 9 years, 27 years and 12 years respectively at 31 March 2025 (10 years, 28 years and 13 years respectively at 31 March 2024).

Goodwill recognised includes certain intangible assets within acquisitions that cannot be individually separated and reliably measured due to their nature.

Other intangibles represents West Transmission Limited's entitlement to recover revenue in respect of capital contributions made to Phoenix Natural Gas Limited and SGN Natural Gas Limited to develop their gas networks in Northern Ireland. Revenue is recovered over the period to September 2054 and as such the Group has concluded that these assets have a remaining useful economic life as at 31 March 2025, of 29.5 years (30.5 years at 31 March 2024).

Amortisation expense of £7,989,000 (2024: £8,005,000) has been fully charged to operating expenses.

Notes to the Financial Statements for the Year Ended 31 March 2025

9. Intangible Assets (Continued)

Impairment Testing for Goodwill

Goodwill arising on acquisitions is reviewed for impairment annually. For the purpose of impairment testing it relates to one cash generating unit – the Scotland to Northern Ireland pipeline (acquisition of Premier Transmission Limited).

The recoverable amount of the goodwill is based on fair value less costs to sell calculation which has been determined using discounted cash flow forecasts. The cash flow projections are over a period of 5 years (2024: 6 years), which matches the remaining duration of the Group's bond and therefore reflects the minimum period over which the Group earns revenue under its licence agreement. The key assumptions and judgements, which have been determined on the basis of management experience, relate to all costs being pass-through costs and that under the terms of the licence the Group can collect sufficient cash to service interest and loan repayments.

The discount rate of 4.58% (2024: 3.71%) used is based on Bank of England gilt yield curve data for a debt with a remaining maturity of 5 years (2024: 6 years). The inflation rate assumption used by the Group in these calculations of 3.12% (2024: 3.35%) has been obtained from Bank of England yield curves over a 5 year period (2024: 6 year period).

Sensitivity to Changes in Assumptions

With regard to the assessment of fair values less costs to sell of the cash generating unit, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

10. Investments in Subsidiaries

Company	Subsidiary undertakings £'000
Cost and carrying amount	
At 1 April 2023, at 31 March 2024 and **at 31 March 2025^**	–

^Investments in subsidiaries includes ordinary shares of £1 each in relation to investments in Moyle Holdings Limited, Northern Ireland Gas Transmission Holdings Limited and Interconnector Services Limited and 2 ordinary shares of £1 each in Moyle Holdings No.2 Limited which were acquired during the year ended 31 March 2024.

The Company's subsidiary undertakings, all of which are incorporated in Northern Ireland and whose registered addresses are First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH, are:

Name of company	Holding	Proportion held	Nature of business
Moyle Holdings Limited	Limited by guarantee		Holding company
Moyle Holdings No.2 Limited	Ordinary shares	100%	Holding company
Moyle Interconnector (Financing) plc*	Ordinary shares	100%	Financing
Moyle Interconnector Limited*	Ordinary shares	100%	Operation of Moyle Interconnector
Premier Transmission Holdings Limited*	Ordinary shares	100%	Holding company
Premier Transmission Financing plc*	Ordinary shares	100%	Financing
Premier Transmission Limited*	Ordinary shares	100%	Operation of Scotland Northern Ireland Pipeline
Interconnector Services (NI) Limited	Ordinary shares	100%	Provision of seabed survey and other services
Northern Ireland Gas Transmission Holdings Limited	Ordinary shares	100%	Holding company
Belfast Gas Transmission Holdings Limited*	Ordinary shares	100%	Holding company
Belfast Gas Transmission Financing plc*	Ordinary shares	100%	Financing
Belfast Gas Transmission Limited*	Ordinary shares	100%	Operation of the Belfast Gas Transmission pipeline
WTL Holdings Limited*	Ordinary shares	100%	Holding company
West Transmission Financing plc*	Ordinary shares	100%	Financing
West Transmission Limited*	Ordinary shares	100%	Operation of West Transmission pipeline

** held by a subsidiary undertaking*

Notes to the Financial Statements for the Year Ended 31 March 2025

11. Other Investments

Group	£'000
Cost and carrying amount	
At 1 April 2023, 31 March 2024 and at **31 March 2025**	**214**

Other investments include a 5% share in Joint Allocation Office (JAO) S.A. at a cost of £212,000 and an interest in PRISMA European Capacity Platform GmbH of less than 1% at a cost of £1,988. The investments are held at cost.

12a. Trade and Other Receivables (Non-Current)

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade receivables	11,095	-	-	-
Other receivables	1,172	-	-	-
	12,267	-	-	-

12b. Trade and Other Receivables (Current)

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade receivables	19,962	5,735	-	-
Prepayments	6,882	6,452	81	73
Accrued income	6,119	10,248	84	17
Other receivables	5,749	8,884	94	41
Trade receivables due from subsidiary undertakings (note 24)	-	-	968	1,079
	38,712	31,319	1,227	1,210

All of the Group's and Company's trade and other receivables are denominated in Sterling with the exception of certain balances receivable in Euro as a result of Euro sales contracts as follows: i) trade receivables includes €396,000 due (£331,000 Sterling equivalent) (2024: €178,000 due (£152,000 Sterling equivalent)); and ii) accrued income includes €1,559,000 due (£1,304,000 Sterling equivalent) (2024: includes €865,00 due (£739,000 Sterling equivalent)); and iii) other receivables includes €8,000 (£7,000 Sterling equivalent) (2024: includes €2,000 (£2,000 Sterling equivalent)).

Included within Group trade receivables is £20,212,000 (£11,095,000 non-current and £9,117,000 current) (2024: €23,666,000 plus €4,733,000 VAT (£20,241,000 Sterling equivalent plus £4,042,000 VAT), all current) which is due in relation to capacity constraints imposed against Moyle Interconnector Limited during the period from September 2021 to March 2024. In the prior year a provision of £24,283,000 was made against this receivable, but this was reversed following a favourable outcome from arbitration. The VAT portion has since been recovered, with the remainder of the balance to be recovered by October 2026.

Apart from those balances identified in the paragraph above, none of the Group's or Company's trade and other receivables are impaired or past due and no impairment losses on trade and other receivables were recognised in profit and loss in the year (2024: £Nil). No other provisions, apart from the provision identified above, were deemed to be required at the reporting date as the Group and Company has no history of default in respect of its trade and other receivables and no current expectation of such. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The fair value of the Group and Company's trade and other receivables is not materially different from their carrying values.

Trade receivables due from subsidiary undertakings are unsecured, interest free and are repayable on demand.

13. Inventories

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Spares	-	57	-	-

Notes to the Financial Statements for the Year Ended 31 March 2025

14. Financial Assets

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash deposits	49,319	48,934	537	2,030

Cash deposits earn interest at a range from Bank of England base rate less 0.49% to Bank of England base rate plus 0.80%.

15. Cash and Cash Equivalents

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash and cash equivalents	231,165	152,652	5,162	2,038

Cash and cash equivalents earn interest at a range from Bank of England base rate less 5.25% to Bank of England base rate plus 0.05%.

16. Share Capital

The Company is limited by guarantee and does not have a share capital. In accordance with the Company's articles of association the members have undertaken to contribute in the event of winding up, a sum not exceeding £1.

17. Retained Earnings

Group	£'000
At 1 April 2023	50,249
Total comprehensive income for the year	12,121
At 31 March 2024	62,370
Total comprehensive income for the year	75,202
At 31 March 2025	**137,572**

Included in the retained earnings for the Group is an amount of £1,874,000 (2024: £1,874,000) which we have agreed with the regulator will be applied to costs of future EU compliance projects.

Company	£'000
At 1 April 2023	(3,996)
Total comprehensive income for the year	246
At 31 March 2024	(3,750)
Total comprehensive income for the year	1,312
At 31 March 2025	**(2,438)**

18. Interest Bearing Loans and Borrowings

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Non-current				
5.2022% Guaranteed secured bond	26,901	32,818	-	-
2.9376% Index linked guaranteed secured bond	46,629	52,492	-	-
2.207% Index linked guaranteed secured bond	162,921	160,983	-	-
Index linked guaranteed secured notes	210,580	211,236	-	-
Lease liabilities	6,359	6,240	483	225
	453,390	463,769	483	225
Current				
5.2022% Guaranteed secured bond	5,917	5,620	-	-
2.9376% Index linked guaranteed secured bond	7,739	7,750	-	-
2.207% Index linked guaranteed secured bond	3,888	3,531	-	-
Index linked guaranteed secured notes	7,842	7,631	-	-
Lease liabilities	433	392	163	130
	25,819	24,924	163	130
Total borrowings	479,209	488,693	646	355

Notes to the Financial Statements for the Year Ended 31 March 2025

18. Interest Bearing Loans and Borrowings (Continued)

Changes in Liabilities from Financing Activities

	Group			Company	
	Loans and borrowings £'000	Lease liabilities £'000	Total £'000	Lease liabilities £'000	Total £'000
Balance at 1 April 2023	482,952	6,653	489,605	375	375
Changes from financing cash flows					
Repayment of borrowings	(21,521)	-	(21,521)	-	-
Lease payments	-	(395)	(395)	(133)	(133)
Interest paid	(15,454)	-	(15,454)	-	-
Total changes from financing cash flows	(36,975)	(395)	(37,370)	(133)	(133)
Non cash changes					
Lease additions	-	149	149	102	102
Lease modifications	-	204	204	-	-
Lease interest	-	21	21	11	11
Interest and indexation expense	36,084	-	36,084	-	-
Total non cash changes	36,084	374	36,458	113	113
Balance at 31 March 2024	482,061	6,632	488,693	355	355
Changes from financing cash flows					
Repayment of borrowings	(22,483)	-	(22,483)	-	-
Lease payments	-	(481)	(481)	(169)	(169)
Interest paid	(15,759)	-	(15,759)	-	-
Total changes from financing cash flows	(38,242)	(481)	(38,723)	(169)	(169)
Non cash changes					
Lease additions	-	172	172	172	172
Lease modifications	-	448	448	274	274
Lease interest	-	21	21	14	14
Interest and indexation expense	28,598	-	28,598	-	-
Total non cash changes	28,598	641	29,239	460	460
Balance at 31 March 2025	**472,417**	**6,792**	**479,209**	**646**	**646**

The 5.2022% guaranteed secured bond 2030 was issued to finance the acquisition of Premier Transmission Limited and to repay indebtedness owed to members of British Gas and Keyspan. The bond is listed on the London Stock Exchange and is secured by fixed and floating charges over all the assets of the Premier Transmission group, and also by way of an unconditional and irrevocable financial guarantee given by Financial Guaranty Insurance Company as to scheduled payments of principal and interest, including default interest.

The 2.9376% guaranteed secured bond 2033 was issued to finance the acquisition of Moyle Interconnector Limited and to repay indebtedness owed to members of Viridian Group plc and is linked to the Retail Price Index. The bond is listed on the London Stock Exchange and is secured by fixed and floating charges over all the assets of the Moyle Interconnector group, and also by way of an unconditional and irrevocable financial guarantee given by Assured Guaranty (Europe) Limited as to scheduled payments of principal and interest, excluding default interest. In return for this guarantee, every six months the group pays an index linked fee of 0.125% of the outstanding balance of the bond.

The 2.207% guaranteed secured bond 2048 was issued to finance the acquisition of Belfast Gas Transmission Limited and is linked to the Retail Price Index. The bond is listed on the London Stock Exchange and is secured by fixed and floating charges on all the assets of the Belfast Gas Transmission group, and also by way of an unconditional and irrecoverable financial guarantee given by Assured Guaranty (Europe) Limited as to scheduled payments of principal and interest excluding default interest. In return for this guarantee, every six months the group pays an index linked fee of 0.18% of the outstanding balance of the bond.

The guaranteed secured notes due September 2054 were issued to finance the purchase of West Transmission's gas pipelines, in addition to capital contributions to other gas network operators in respect of their network development, and are linked to the Retail Price Index with no additional interest premium applied to the nominal value. The notes are secured by fixed and floating charges over all the assets of the group.

The 2.9376% index linked bond has a fair value of £57,293,000 (2024: £64,622,000), the 5.2022% bond has a fair value of £33,403,000 (2024: £39,426,000), the 2.207% index linked bond has a fair value of £148,874,000 (2024: £162,663,000) and the index linked notes have a fair value of £132,383,000 (2024: £147,261,000). These fair values have been calculated by discounting the future contracted interest cash flows using a discount rate of 1.67% (2024: 1.37%) for the 2.9376% index linked bond, a discount rate of 5.08% (2024: 4.92%) for the 5.2022% bond, a discount rate of 3.24% (2024: 2.31%) for the 2.207% index linked bond and a discount rate of 3.31% (2024: 2.38%) for the index linked notes.

Notes to the Financial Statements for the Year Ended 31 March 2025

18. Interest Bearing Loans and Borrowings (Continued)

The discount rates used reflect the maturity profile of the Group's borrowings. Increasing/decreasing the discount rate by 0.5% would result in a fair value of £56,239,000/£58,379,000 respectively for the 2.9376% index linked bond, £32,989,000/£33,827,000 for the 5.2022% bond, £141,092,000/ £157,288,000 for the 2.207% index linked bond and £124,527,000/£141,012,000 for the index linked notes respectively.

The current effective interest rate, inclusive of interest and Retail Price Index indexation, for the 2.9376% index linked bond is 2.89%, the 5.2022% bond is 5.27%, the 2.207% index linked bond is 2.17% and the index linked notes is -0.39%. The undiscounted maturity profile of the Group's and the Company's borrowings are shown in note 25.

Lease liabilities represent future payments in respect of Crown Estate, property and electric vehicle leases. Further information on these leases can be found within note 19.

19. Leases

The Groups hold a number of Crown Estate leases which gives exclusive right to use and maintain the cables and pipelines which are on or under the seabed.

Moyle Interconnector Limited's Crown Estate lease was entered into in 2001 and runs to 31 March 2100, with a right to cancel with 12 months' notice from 31 March 2031. Lease payments are subject to review in 2027 and 2057. The lease provides for uplifts on rent payments every 5 years in line with changes in the Retail Prices Index. There are no extension options for any period after 31 March 2100. The Group is restricted from entering into any sub-lease arrangements in relation to this lease.

Premier Transmission Limited's Crown Estate lease was entered into in 1996 and runs to 30 September 2035 but allows for further extension, with terms to be agreed upon extension. The Group is reasonably certain these contracts will be extended in line with the useful life of its pipeline and costs for this extended term have been assumed in line with the current costs. The lease provides for uplifts on rent payments every 3 years in line with changes in the Producer Price Index. The Group is restricted from entering into any sub-lease arrangements in relation to these leases.

Belfast Gas Transmission Limited's Crown Estate leases were entered into in 2008 and run to 31 December 2051 but allow for further extension, with terms to be agreed upon extension. The Group is reasonably certain this contract will be extended in line with the useful life of its pipeline and costs for this extended term have been assumed in line with the current costs. Lease payments are subject to review in 2031 and 2043. The lease provides for uplifts on rent payments every 3 years in line with changes in the Retail Prices Index. The Group is restricted from entering into any sub-lease arrangements in relation to these leases.

Mutual Energy Limited holds separate property leases for two floors in its office building. The first floor lease was entered into in 2016, with the lease term extended during the current year to 31 July 2030. The fourth floor lease was entered into in 2022, with this lease extended during the current year to 31 December 2030.

Mutual Energy Limited also holds leases in relation to its Company Electric Car Scheme. There were 14 leases in place at 31 March 2025 (2024:9), with 6 new leases entered into and 1 lease having ended during the year. The electric vehicle leases were each entered into for a period of 3 or 4 years and expire between March 2025 and December 2028.

The Group leases parking spaces and wayleaves which are short-term and has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements for the Year Ended 31 March 2025

19. Leases (Continued)

Information about leases for which the Group is a lessee is presented below.

Right-of-use Assets

The right-of-use assets, as presented in property, plant and equipment (see note 8), relate to the Crown Estate, property leases and electric vehicles noted on the previous page. A breakdown of the movements by category is presented below.

Group	Crown Estate leases £'000	Property leases £'000	Electric vehicle leases £'000	Total £'000
Net book value				
At 1 April 2024	6,399	266	133	6,798
Additions	-	-	172	172
Lease modifications	174	274	-	448
Depreciation	(256)	(87)	(78)	(421)
At 31 March 2025	**6,317**	**453**	**227**	**6,997**

Company	Property leases £'000	Electric vehicle leases £'000	Total £'000
Net book value			
At 1 April 2024	221	133	354
Additions	-	172	172
Lease modifications	274	-	274
Depreciation	(78)	(78)	(156)
At 31 March 2025	**417**	**227**	**644**

Amounts Recognised in the Profit or Loss

The following amounts have been recognised in profit or loss for which the Group or Company is a lessee:

Group	2025 £'000	2024 £'000
Depreciation expense in respect of right-of-use assets	**421**	384
Lease liabilities interest expense	**21**	21
Expenses relating to short-term leases	**10**	17

Company	2025 £'000	2024 £'000
Depreciation expense in respect of right-of-use assets	**156**	125
Lease liabilities interest expense	**14**	11
Expenses relating to short-term leases	**9**	9

Amounts Recognised in Statement of Cash Flows

Group	2025 £'000	2024 £'000
Total cash outflow for leases	**481**	395

Company	2025 £'000	2024 £'000
Total cash outflow for leases	**169**	133

Notes to the Financial Statements for the Year Ended 31 March 2025

20. Provisions

Group	Decommissioning provision £'000
At 1 April 2023	3,117
Cost adjustments through property, plant and equipment	(277)
Unwinding of discount during the year	119
At 31 March 2024	2,959
Cost adjustments through property, plant and equipment	(365)
Unwinding of discount during the year	128
At 31 March 2025	**2,722**

Provision has been made for expenditure to be incurred in meeting the expected costs arising from the future decommissioning of the interconnector in 17 years (2024: 18 years), at the end of its useful economic life. This provision is expected to be utilised within 17 years. The provision represents the present value of the current estimated costs of dismantling the connections to the main electricity grids in Scotland and Northern Ireland. The provision has been discounted at a rate of 5.13% (2024: 4.34%).

21. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred taxes relate to the same fiscal authority.

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Deferred tax assets	**10,278**	23,284	**93**	102
Deferred tax liabilities	**(51,143)**	(50,752)	**-**	-
Deferred tax (liabilities)/assets – net	**(40,865)**	(27,468)	**93**	102

The Company's deferred tax asset relates to accelerated capital allowances.

Movement in deferred tax during the year:

	Group £'000	Company £'000
At 1 April 2023	(26,474)	54
Recognised in profit and loss	(994)	48
At 31 March 2024	(27,468)	102
Recognised in profit and loss	(13,397)	(9)
At 31 March 2025	**(40,865)**	**93**

The movement in deferred tax assets and liabilities during the year is as follows:

Group	Losses £'000	Accelerated capital allowances £'000	Valuation of intangible assets £'000	Derivative financial instruments £'000	Total £'000
At 1 April 2023	14,509	(22,771)	(28,901)	10,689	(26,474)
Recognised in profit and loss	(1,561)	(361)	1,281	(353)	(994)
At 31 March 2024	12,948	(23,132)	(27,620)	10,336	(27,468)
Recognised in profit and loss	(11,865)	(1,565)	1,174	(1,141)	(13,397)
At 31 March 2025	**1,083**	**(24,697)**	**(26,446)**	**9,195**	**(40,865)**

The Group has a further £16,352,000 (2024: £18,878,000) of tax losses available for carry forward against future taxable profits arising from the same trade. The related deferred tax asset of £4,088,000 (2024: £4,719,000) has not been recognised as it is more likely than not that the Group and Company will not make sufficient taxable profits from the same trade, from which the tax losses can be deducted.

Notes to the Financial Statements for the Year Ended 31 March 2025

22. Government Grants

Group	£'000
At 1 April 2023	70,876
Additions	60
Amortised during the year (note 3)	(2,469)
At 31 March 2024	68,467
Additions	50
Amortised during the year (note 3)	(2,471)
At 31 March 2025	**66,046**

The grants were provided to the Group for the purpose of its expenditure on its property, plant and equipment. All obligations in respect of these grants have now been met. The current portion of the government grants is £2,471,000 (2024: £2,470,000), and the non-current portion is £63,575,000 (2024: £65,997,000).

23. Trade and Other Payables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade payables	**1,526**	2,159	**133**	66
Accruals	**7,665**	9,018	**1,668**	1,254
Deferred income	**2,750**	2,759	**-**	-
VAT and social security	**4,360**	1,864	**102**	98
Other payables	**9,640**	2,138	**3**	2
Trade payables due to related parties (note 24)	**-**	-	**7,611**	7,744
	25,941	17,938	**9,517**	9,164

All of the Group's and Company's trade and other payables are denominated in Sterling with the exception of certain balances payable in Euro in relation to Euro sales contracts as follows: i) Trade payables includes €18,000 owed (£15,000 Sterling equivalent) (2024: nil owed (£nil Sterling equivalent)) ii); and other payables includes €nil owed (£nil Sterling equivalent) (2024: includes €2,067,000 owed (£1,768,000 Sterling equivalent)).

The fair value of trade and other payables is not materially different from their carrying value.

Trade payables due to related parties are unsecured, interest free and are repayable on demand.

Included in accruals are capital creditors of £189,000 (2024: £1,274,000).

Notes to the Financial Statements for the Year Ended 31 March 2025

24. Related Party Transactions

The ultimate controlling party of the Group are its members.

During the year the Company entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into, and balances outstanding at 31 March with related parties, are as follows:

	Amount owed (to)/from related party	
Company	**2025 £'000**	**2024 £'000**
Subsidiary undertakings – current assets	**968**	1,079
Subsidiary undertakings – current liabilities	**(7,611)**	(7,744)

		Value of transaction	
Company	**Nature of transaction**	**2025 £'000**	**2024 £'000**
Subsidiary undertakings	Group relief surrendered / (claimed)	**71**	(132)
Subsidiary undertakings	Dividend income	**1,500**	-
Subsidiary undertakings	Charges receivable	**5,942**	5,300

Compensation of key management consisting of Executive Directors and Non-Executive Directors:

Group	2025 £'000	2024 £'000
Short term employee benefits	**721**	682
Long term employee benefits	**205**	171
Post-employment benefits	**37**	35

25. Financial Instruments

The Group's and Company's financial instruments are classified as follows:

Assets and liabilities	Category of financial instrument
Trade and other receivables	Financial assets at amortised cost
Other investments	Fair value through profit or loss
Financial assets	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost
Interest bearing loans and borrowings	Financial liabilities at amortised cost
Derivative financial instruments	Fair value through profit or loss
Trade and other payables	Financial liabilities at amortised cost

Derivative Financial Instruments

During the period ended 31 March 2006 the Group entered into two index-linked based swaps, maturing in 2030, to hedge against index-linked revenues receivable under its agreement with the regulator. These index-linked swaps did not qualify as an accounting hedge at inception under the IFRS standards in existence at that time and are therefore accounted for as non-hedged derivative financial instruments. The fair value of these index linked swaps are recognised as a financial liability under non-current liabilities on the balance sheet with fair value movements being reported in the statement of profit and loss under net finance expenses.

The movement on the Group's derivative financial instruments is as follows:

Group	£'000
Liability at 1 April 2023	43,796
Fair value adjustment	(1,584)
Liability at 31 March 2024	42,212
Fair value adjustment	(4,738)
Liability at 31 March 2025	**37,474**

It is not possible to determine the portion of the Group's and Company's derivative financial instruments that will fall due within 12 months as it will depend on the movement of interest rates, and as such the Group's derivative have been disclosed as non-current.

Notes to the Financial Statements for the Year Ended 31 March 2025

25. Financial Instruments (Continued)

The Group's and the Company's contractual undiscounted cash flows (including principal and interest payments) of its financial liabilities are as follows:

At 31 March 2025 Group	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
2.9376% Index linked bond	9,348	9,001	8,393	8,355	7,251	18,696	61,044
5.2022% Bond and associated derivatives	14,184	14,466	14,753	15,045	15,344	-	73,792
2.207% Index linked bond	7,549	7,702	7,852	8,009	8,168	178,447	217,727
Index linked notes	6,974	6,974	6,974	6,974	6,974	170,875	205,745
Lease liabilities	433	416	398	369	343	4,833	6,792
Trade and other payables*	18,831	-	-	-	-	-	18,831
	57,319	38,559	38,370	38,752	38,080	372,851	583,931

At 31 March 2024 Group	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
2.9376% Index linked bond	9,543	9,027	8,692	8,105	8,068	25,057	68,492
5.2022% Bond and associated derivatives	13,430	13,697	13,969	14,247	14,529	14,817	84,689
2.207% Index linked bond	7,142	7,285	7,433	7,578	7,729	180,097	217,264
Index linked notes	6,731	6,731	6,731	6,731	6,731	171,636	205,291
Lease liabilities	392	391	334	293	264	4,958	6,632
Trade and other payables*	13,315	-	-	-	-	-	13,315
	50,553	37,131	37,159	36,954	37,321	396,565	595,683

The Group's contractual undiscounted cash flows of its bonds are based on the agreed payments under the index-linked swaps, inflated to the RPI applicable to the bonds at the reporting date.

At 31 March 2025 Company	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Lease liabilities	163	145	126	98	79	35	646
Trade and other payables*	9,415	-	-	-	-	-	9,415
	9,578	145	126	98	79	35	10,061

At 31 March 2024 Company	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
Lease liabilities	131	128	70	27	-	-	356
Trade and other payables*	9,066	-	-	-	-	-	9,066
	9,197	128	70	27	-	-	9,422

* *The Group and Company's Trade and other payables excludes deferred income and VAT and social security.*

Notes to the Financial Statements for the Year Ended 31 March 2025

25. Financial Instruments (Continued)

Financial Risk Management

Financial Risk Factors

The Group has 4 principal sub-groups: Moyle Interconnector (Financing) plc, Premier Transmission Financing plc, Belfast Gas Transmission Financing plc, and West Transmission Financing plc.

Moyle Interconnector (Financing) plc

The group operates the interconnector which links the electricity transmission systems of Northern Ireland and Scotland under a licence agreement with the Northern Ireland Authority for Utility Regulation. The group earns its revenue through its market arrangements which make available the capability of the interconnector to the System Operators, SONI and National Grid ESO. This capability is provided to the System Operators via either direct contracts for services or industry wide contractual arrangements. In the event that the group does not earn sufficient revenues to cover its operating expenses, interest on borrowings and repayment of borrowings, the group's licence allows the company to make a call on its customers for any shortfall. Accordingly, this sub-group has limited financial risk.

Premier Transmission Financing plc and Belfast Gas Transmission Financing plc

These groups operate the gas pipelines which link the gas transmission systems of Northern Ireland and Scotland and the Belfast Gas Transmission pipeline under licence agreements with the Northern Ireland Authority for Utility Regulation. Under the licence agreements the group receives revenue that allows full recovery of its operating expenses, financing costs and repayment of borrowings. Accordingly these sub-groups have limited financial risk.

West Transmission Financing plc

The group operates the high pressure gas transmission pipeline which supplies the gas distribution network in the West of Northern Ireland and a gas transmission offtake at Maydown. The licence arrangement allows full recovery of its operating expenses, financing costs and repayment of borrowings. By way of an agreement with SGN Commercial Services Ltd, other than the scenario of regulatory malfeasance, the financial risk that the regulatory income allowance for the construction of the pipeline is insufficient, and any benefit if the regulatory income allowance is greater than the financing costs, has been passed on to them.

(a) Interest rate risk

The Group's interest rate risk arises from its long term borrowings.

The Group issued its long term borrowings to refinance its transmission assets at the lowest possible rates in order to reduce the costs of transmission to the consumers of Northern Ireland. Its long term borrowings were issued at either fixed rates or are linked to the Retail Price Index. In order to match certain revenues which are linked to the Retail Price Index the Group has entered into a swap transaction which converts its only fixed rate borrowing to a borrowing linked to the Retail Price Index. The Group's long term borrowings are therefore susceptible to changes in the Retail Price Index. A change in the Retail Price Index by 1% would have increased/decreased finance expenses, profit/loss and equity during the year by £4,349,000 (2024: £4,298,000).

Under the terms of its licence agreements the Group either i) receives sufficient revenue to settle its operating costs and its repayments of borrowings; or ii) has the ability to make a call on customers. Accordingly, the Group does not need to actively manage its exposure to interest rate risk.

(b) Credit risk

The Group has limited exposure to credit risk as its customers are high profile gas and electricity suppliers, who provide designated levels of security by way of parent company guarantees or letters of credit. Given the nature of the industry in which the Group operates, its customers are regulated by the Northern Ireland Authority for Utility Regulation.

Included within Group trade and other receivables is an amount of £20,212,000 (£11,095,000 non-current and £9,117,000 current) (2024: €23,666,000 plus €4,733,000 VAT (£20,241,000 Sterling equivalent plus £4,042,000 VAT), all current), in relation to capacity constraints imposed against Moyle Interconnector which were the subject of a legal dispute. Arbitration proceedings have since confirmed Moyle's entitlement to this revenue and a settlement plan has been agreed with the remaining debt and associated interest expected to be recovered in full by October 2026.

Notes to the Financial Statements for the Year Ended 31 March 2025

25. Financial Instruments (Continued)

Financial Risk Management (Continued)

(b) Credit risk (Continued)

Apart from those balances identified in the previous paragraph, the Group's trade and other receivables are not impaired or past due and management does not expect any losses from non-performance by its customers.

(c) Liquidity risk

Under the terms of its licence agreements the Group either i) receives sufficient revenue to settle its operating costs and its repayments of borrowings; or ii) has the ability to make a call on customers. Accordingly the Group has limited liquidity risk. The Group also retains significant cash reserves and a liquidity facility with an 'A' rated bank to manage any short term liquidity risk. The undiscounted contractual maturity profile of the Group's borrowings is shown within this note.

Capital Risk Management

The Group has no obligation to increase members' funds as it is a company limited by guarantee. The Group's management of its borrowings and credit risk are referred to in the preceding paragraphs.

Fair Value Estimation

The following fair value measurement hierarchy has been used by the Group for calculating the fair value of financial instruments:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Where there are a number of inputs that are unobservable it is included in level 3.

The Group's only financial instruments fair valued (for recognition purposes) under level 2 are the Group's derivative financial instruments. The fair value of the Group's derivative financial instruments is calculated based on the Group's exposure to the counterparties, with adjustments to reflect the credit risk of both the entity and the counterparty.

The Group's only financial instrument fair valued under level 3 is the Group's other investments and are recorded at cost. These assets are subsequently measured at fair value. For those who do not have a quoted price on an active market and whose fair value cannot be reliably measured they are recorded at cost. Any increases in fair value are recognised in the statement of profit and loss.

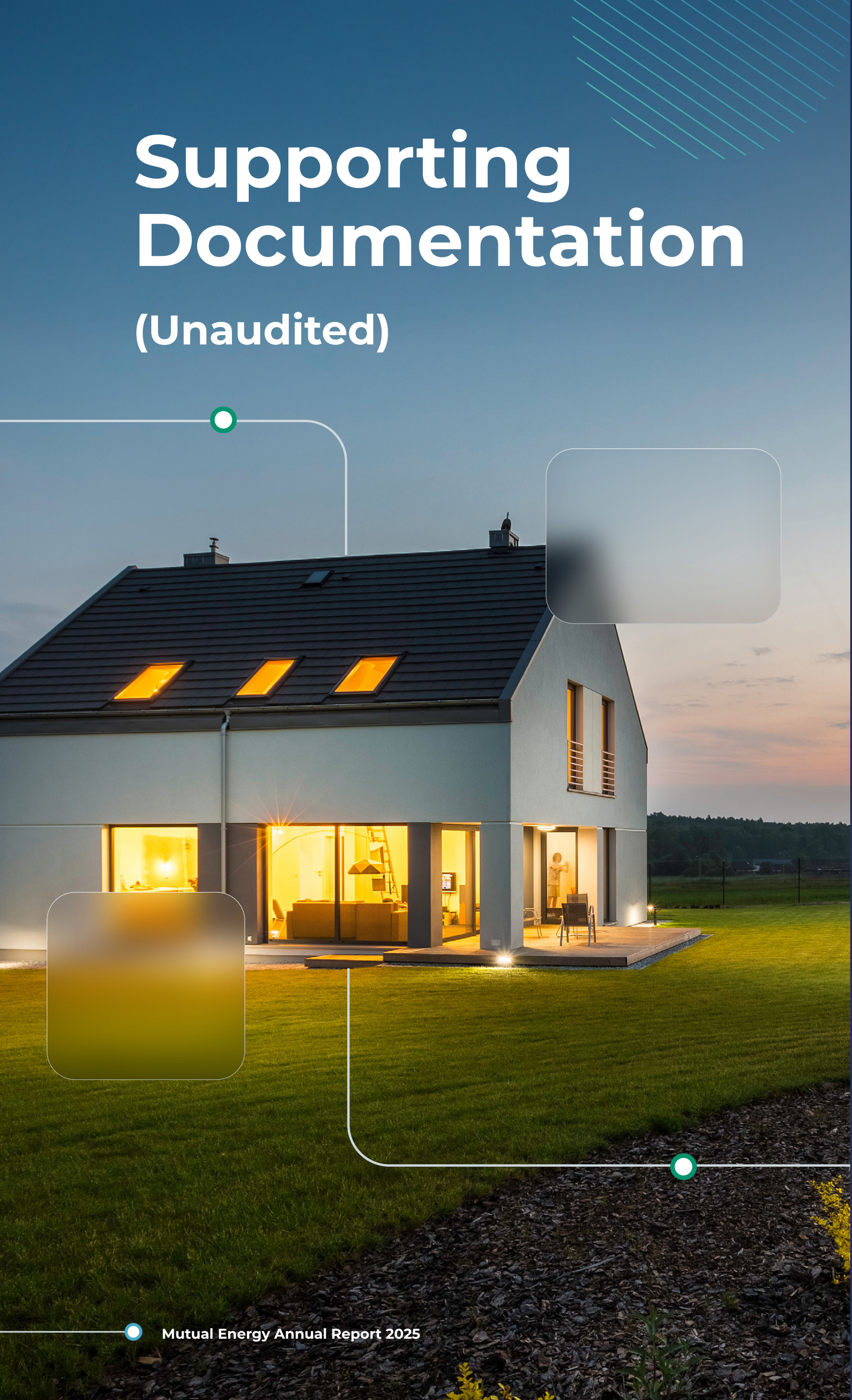
The Group's financial instruments fair valued (for disclosure purposes only) under level 2 are the Group's loans and receivables and the Group's borrowings. The fair value of these financial instruments is determined by discounting future cash flows using a suitable discount rate. These discount rates are based on Bank of England gilt yield curve data for a term that is similar to the financial instrument. There have been no transfers between levels during the current or the previous year.

26. Ultimate Controlling Party

The ultimate controlling party of the Group and the Company are the members of Mutual Energy Limited.

27. Subsequent Events

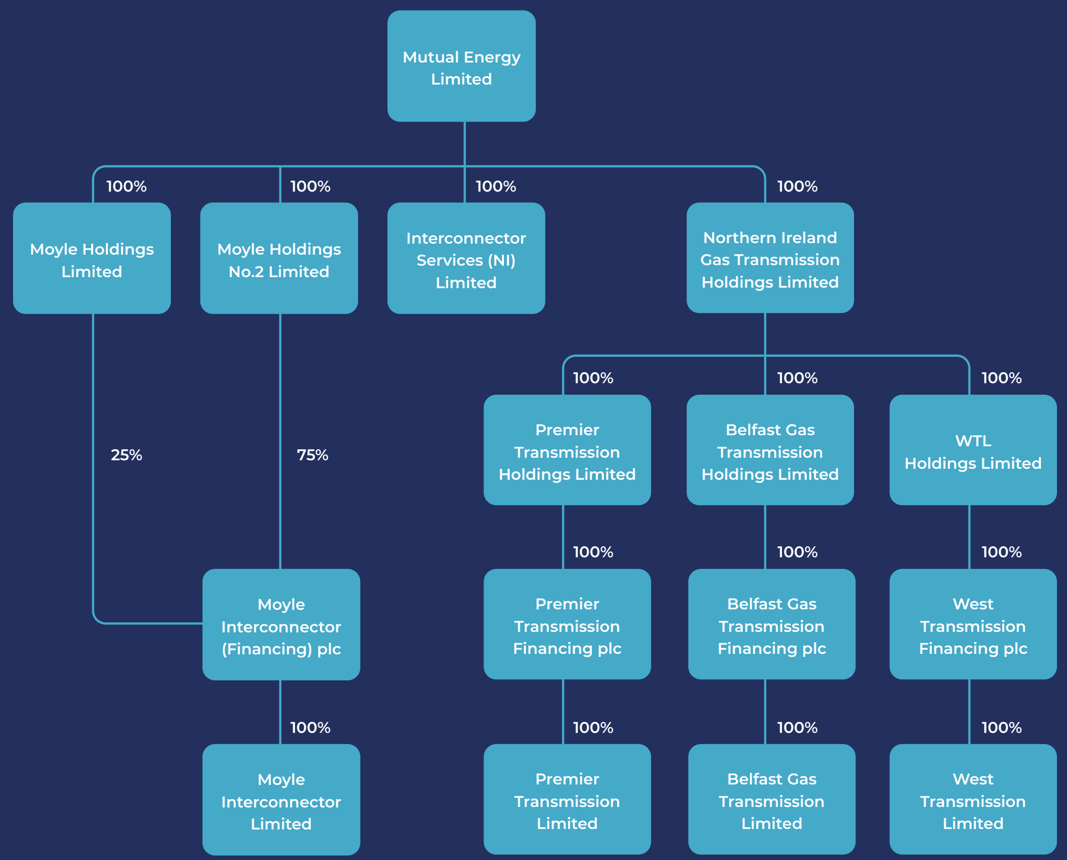
There are no events after the reporting date requiring adjustment or disclosure in the financial statements.



Supporting Documentation

(Unaudited)

Group Structure



The legal structure above illustrates our Group entities and percentage of ownership of each. The group is 100% debt financed, with debt issued by each of the public limited companies on behalf of each subgroup.

Glossary

Term	Definition
Capacity market income	Capacity market income is paid to an electricity interconnector for being available to supply electricity to the grid as required to meet the level of demand.
Index-linked debt	The principal and interest amounts of index-linked debt fluctuate with movements in inflation rates.
Revenue from power transfers	As electricity automatically flows from the lower price system to the higher priced system in the SEM, the interconnector generates revenue by retaining the value of the price difference between the two markets for the volume of energy it flows.
RPI	The Retail Price Index (RPI), a measure of inflation in the UK reflecting the average change in prices of goods and services purchased by most households and used as the reference rate for debt within the Mutual Energy Group.
Scope 1 emissions	Scope 1 emissions are direct emissions from owned or directly controlled sources.
Scope 2 emissions	Scope 2 emissions are indirect emissions from the generation of purchased energy.
Scope 3 emissions	Scope 3 emissions are all other indirect emissions, including supply chain and business travel.
Shippers	Gas shippers are entities that buy natural gas, and for our Group they are our customers. The gas purchased by Shippers is transported through our gas pipelines to supply the end user i.e. domestic and commercial energy consumers.
System services income	Income is generated by an electricity interconnector for providing responses to ensure the stability of the electricity transmission system.
TWh	Terawatt hours is a unit of energy equal to one trillion watt-hours. The total annual energy consumption for Northern Ireland is c7.2TWh.

mutualenergy

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Working for Consumers**

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