

# DELIVERING A SUSTAINABLE ENERGY SYSTEM FOR ALL

Annual Report and Financial Statements

Twelve months ended 31 December 2025

## Overview

NIE Networks is the owner of the electricity transmission and distribution networks in Northern Ireland (NI), transporting electricity over almost 50,000km of networks from generators to over 966,000 customers, including homes, businesses and farms. NIE Networks also provides electricity meters and metering data to suppliers and market operators and develops and reconfigures the electricity network to facilitate the connection of further renewable generation and increasing quantities of low carbon technologies.

NIE Networks' vision is to 'Deliver a sustainable energy system for all' – through further developing the electricity network to support meeting NI's energy needs and developing a sustainable network so that the people and businesses of NI can use electricity rather than fossil fuels for heat and transport. It aims to ensure getting access to the electricity system is easy for everyone and to ensure that it sits at the heart of the future energy system in NI.

NIE Networks does not supply (sell or retail) electricity but provides services to all of the electricity suppliers operating in NI.

As required under its regulatory licences, NIE Networks is an independent business within ESB Group and has its own Board of Directors, management structure and employees.

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# Managing Director's Statement



**Derek Hynes**  
Managing Director, NIE Networks

2025 was an important year for NIE Networks. It was the first year with our updated strategy to 2030 to support our goal of delivering a sustainable energy system to meet Northern Ireland's energy needs. April 2025 was the start of the Regulatory Period Seven (RP7) price control for the next 6 years which was determined by the Utility Regulator (UR) and includes the work and allowed costs to deliver a sustainable network while protecting customer interests. During the year we successfully responded to repair and restore power to the public after Storm Éowyn which subjected the electricity network in NI to 90 mph winds during NI's first ever Red wind alert. We are actively engaging with the UR on funding for multi-year proposals to enhance the network resilience in severe weather events like Storm Éowyn.

## Operating Review

As NIE Networks transitioned from Regulatory Period Six (RP6) to the new Regulatory Period Seven (RP7) during 2025, it also had to manage recovery from the biggest wind event in its history. In January 2025, Storm Éowyn caused damage to the electricity networks across NI, with almost one third of premises losing supply. NIE Networks' teams and contracting partners carried out repairs in difficult conditions in service of its customers and communities, ensuring that all work was done safely, and that electricity was restored as quickly as possible. The storm reinforced the responsibility that is placed on NIE Networks to continue to invest in making the electricity network as resilient as it can be to severe weather effects, while also investing to make sure that NIE Networks plays its part in reducing CO<sub>2</sub> emissions across NI. Following Storm Éowyn, NIE Networks proposed the UR to accelerate a long-term programme of tree cutting on the overhead network with a view to reducing the impact of future storm events. The UR is supportive of these proposals, and NIE Networks are actively engaging with the UR on the funding for this multi-year proposal. Trees removed as part of this programme will be replanted through NIE Networks' ongoing tree-planting initiatives.

## Delivering a Sustainable Energy System for All

NIE Networks is empowering a sustainable energy transition through its 2030 strategy 'Delivering a Sustainable Energy System for All', whereby NIE Networks sits at the heart of the future energy system in NI. Through this strategy, NIE Networks is developing the network to support NI's energy needs, developing a sustainable network so people and businesses can use cleaner electricity rather than fossil fuels for heat and transport, and aiming to ensure easy access to the electricity system. Following engagement with key stakeholders, NIE Networks developed its RP7 business plan to support the delivery of its strategy. The RP7 period commenced in April 2025 and will cover a six-year period running to March 2031, with expected total operational and capital expenditure (Totex) of £2.2 billion (2021/22 prices) and a cost of capital of 4.53% plus inflation, which will be adjusted to reflect the market cost of new borrowings raised in RP7.

The RP7 period will be critical to facilitate the decarbonisation of society. NIE Networks' strategy drives the company to connect more renewable generators, ensures that the network has sufficient capacity to grow, allows greater electrification of heat and transport, provides for a safe and reliable service and maintains a strong focus on customer service. It also includes programmes focused on creating the capability to deliver connections in a faster and more transparent manner whilst maintaining a safe and resilient network for staff and customers.

## Financial Performance

### Capital Investment

As a critical electricity infrastructure provider, NIE Networks continued to deliver on its commitments to customers during 2025, with a further capital investment of £284.1 million in network infrastructure which is £38.2m or 16% up on 2024. This investment has increased the capacity and the resilience of the NI electricity system and ensured that the amount of time customers were without supply (Customer Minutes Lost (CML)) was at comparatively low levels relative to other countries. This is the equivalent of £3.9m of capital investment for every £1m of profit after interest and tax.

### Profit After Tax

NIE Networks' Profit after interest and tax for 2025 at £72.1m is down £62.3m or 46% on 2024, primarily due to £36.8m lower pass-through Net Public Service Obligation (PSO) income via the Power Procurement Business Public Service Obligation mechanism, timing related reductions in regulated Use of System (UoS) revenue, together with the impact on operating costs of Storm Éowyn repair costs.

NIE Networks revenue and its allowed return on capital investment (profits) are regulated by the UR. The average baseline regulated return on capital investment (profit) allowed for the RP7 price control period is 4.53% before inflation, to cover both the market interest cost of debt funding and returns on network investment comparable to similar United Kingdom (UK) electricity network companies.

### Contribution to NI Economy

NIE Networks contributed over £268.6m (2024: £200.3) to the NI economy through employment, taxes, rates and purchases of goods and services.

### Profit After Tax

£72m ↓ £62m

2025 £72m

2024 £134m

### Capital Investment

£284m ↑ £38m

2025 £284m

2024 £246m

### Contribution to the Economy

£269m ↑ £69m

2025 £269m

2024 £200m



## Stakeholder Priorities

NIE Networks is unwavering in its commitment to safeguarding the health, safety, and wellbeing of employees, contracting partners, customers, and the wider public. The company aspires to cultivate a zero-harm working environment, where risks are proactively identified, rigorously assessed, and effectively controlled. While achieving zero harm remains the goal, there were two Lost Time Incidents (LTIs) during the year (2024: two). Each LTI is thoroughly investigated, with a focus on learning to avoid a similar occurrence in future through insight-driven learning and the implementation of preventive measures. The Safer Together Cultural journey within NIE Networks continues to reinforce NIE Networks' dedication to its core safety values, promoting a transparent, inclusive, and proactive safety culture and encouraging active participation from all stakeholders.

NIE Networks constantly seeks to minimise the length of time that customers are without supply either as a result of planned or fault work. The RP7 CML Incentive has introduced more challenging targets from 2025 onwards and a programme of work is underway to further improve CML performance. The average number of CMLs incurred due to planned interruptions to supply was 48 (2024: 40). The average number of CMLs incurred due to faults on the distribution network was 39 (2024: 43).

NIE Networks employs a highly skilled and diverse workforce of 1,681 people at 31 December 2025 (2024: 1,646) spanning a broad range of roles, from linespersons, meter readers, and jointers to electrical engineers, finance professionals, and HR specialists, who all play a vital role in delivering safe, reliable, and high-quality service to customers across NI. During 2025, NIE Networks became the first triple platinum IIP (Investors in People) accredited company in the UK, accredited for its investment in people, wellbeing and apprenticeships. This significant achievement emphasises NIE Networks' commitment to creating an outstanding workplace that promotes excellence, wellbeing and employee growth across the business.

NIE Networks established a £2.5 billion Euro Medium Term Note (EMTN) borrowing programme during 2025 via its subsidiary NIE Finance plc, which provides a flexible framework that supports funding of the significant capital investment to

deliver the £2.2 billion RP7 business plan (2021/22 prices). A £350 million 10-year bond was issued to international capital investors during the year under this programme. Since the year end, in January 2026 NIE Networks issued a further £600 million 15.5-year bond to international capital investors under the EMTN programme.

NIE Networks is committed to ensuring it has a positive impact on the overall environment, the citizens of NI and its strategic partners. The company is committed to being a responsible business by achieving an appropriately high standard of environmental management and by embedding sustainability in all activities. NIE Networks plays a critical role in decarbonising energy emissions in NI through the connection of renewable generation and low carbon technologies.

NIE Networks achieved Platinum level accreditation in the NI Environmental Benchmarking Survey in 2025, for the tenth consecutive year. The survey recognises those organisations that are going above and beyond their legal requirements to improve their environmental impacts and better manage their resources. The company's sustainability strategy for 2025-2031 was recently approved by the NIE Networks Board and the first annual action plan under the strategy was successfully delivered in 2025. The new People, Planet, Places Plan 2025-2031 (PPP Plan) highlights NIE Networks' Environmental, Social and Governance (ESG) objectives across 11 core topics.



# Group Strategic Report

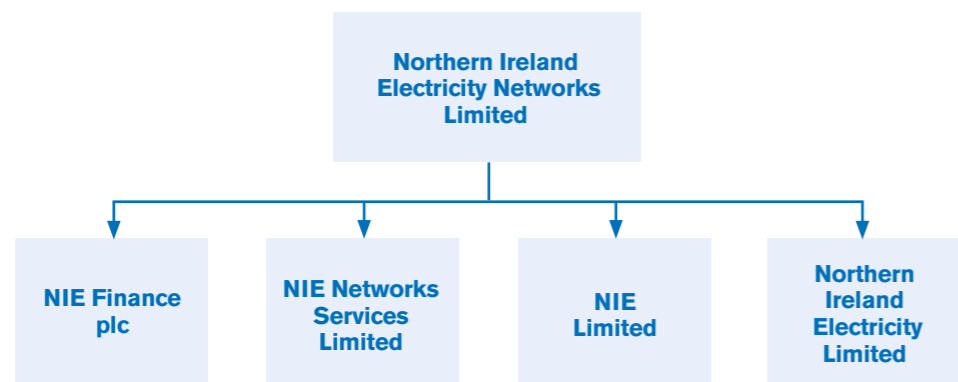


# Group Strategic Report

## Ownership

NIE Networks is part of Electricity Supply Board (ESB), the vertically integrated energy group based in the Republic of Ireland (RoI). NIE Networks is an independent business within ESB with its own Board of Directors, management and staff.

NIE Networks' structure is shown below:



### Business Model

#### Principle Activities and Regulation

NIE Networks is the owner of the transmission and distribution networks in NI and the distribution network operator. SONI Limited (SONI), a separate company owned by EirGrid plc, is the transmission system operator and is responsible for transmission system design and planning. Northern Ireland Electricity Networks Limited (NIE Networks or the Company) and its subsidiary undertakings (together, the Group) principal activities are:

- constructing and maintaining the electricity transmission and distribution networks in NI and operating the distribution network;
- connecting demand and generation customers to the transmission and distribution networks; and
- providing electricity meters in NI and providing metering data to suppliers and market operators to enable wholesale and retail market settlement.

NIE Networks is a regulated group and its business activities are regulated by the UR. Under its Transmission and Distribution licences NIE Networks is required to develop, maintain and, in the case of the distribution system, operate an efficient, co-ordinated and economical system of:

- **electricity transmission** - the bulk transfer of electricity across the high voltage network of overhead lines, underground cables and associated equipment mainly operating at 275kV and 110kV; and
- **electricity distribution** - the transfer of electricity from the high voltage transmission network and its delivery to consumers across a network of overhead lines, underground

cables and associated equipment operating at 33kV, 11kV and lower voltages.

NIE Networks manages the assets of the transmission and distribution networks on an integrated basis.

The transmission and distribution networks comprise a number of interconnected networks of overhead lines and underground cables which are used for the transfer of electricity to over 966,000 customers via a number of substations. This network ensures that electricity produced by generators is delivered to consumers through their nominated supplier. NIE Networks does not generate, buy or sell electricity, or send any bills to electricity consumers (apart from charges for new or upgraded connections to the network).

During the year an estimated 7.2TWh (2024: 7.2TWh) of electricity was transmitted and distributed to customers in NI. The network consists of approximately 2,300km of transmission network, 47,000km of distribution network and 340 major substations including 60 large wind farm sites. NIE Networks' transmission system is connected to that of RoI through a 275kV interconnector and to that in Scotland via the Moyle Interconnector. There are also two standby 110kV connections to RoI.

In addition to its core network activities, NIE Networks provides meters to consumers and takes meter readings. It is responsible for managing market registration processes and the provision and maintenance of accurate data to support the operation of the competitive retail and wholesale electricity markets.

Market Registration and Change of Supplier processes facilitate consumers switching suppliers in a timely manner in accordance with retail market rules and aggregated data is provided to the Single Electricity Market Operator on a daily basis for settlement of the wholesale market.

The Group also provides connections to the network for customers requiring a new electricity supply (demand connections) and those seeking to generate electricity (generation connections). The market for new connections has been fully open to competition since March 2018. For 'contestable' elements of connections, customers can choose whether to accept a quotation from NIE Networks or to engage an accredited Independent Connection Provider (ICP) to design and construct the connection.

### Revenue

The Group derives its revenue principally through charges for use of the distribution system and PSO charges levied on electricity suppliers as well as charges for transmission services (mainly for use of the transmission system) levied on SONI. Revenue through charges for new demand and generation connections is received from the customer in accordance with NIE Networks' Statement of Charges for Connection to NIE Networks' Distribution System, which is reviewed by the UR at least annually to approve the charging methodology.

### Price controls

NIE Networks is regulated by the UR and is subject to periodic reviews in respect of the prices it may charge for use of the transmission and distribution networks in NI including its allowed return on capital investment (profit).

The RP6 price control commenced on 1 October 2017 and was extended to 31 March 2025. Allowances for capital investment and operational costs are estimated at approx. £1.5 billion (15/16 prices) for the price control period with a baseline rate of return on capital investment of 3.27% plus inflation (weighted average cost of capital based on pre-tax cost of debt and post-tax cost of equity) which was adjusted to reflect the market cost of new debt raised in RP6.

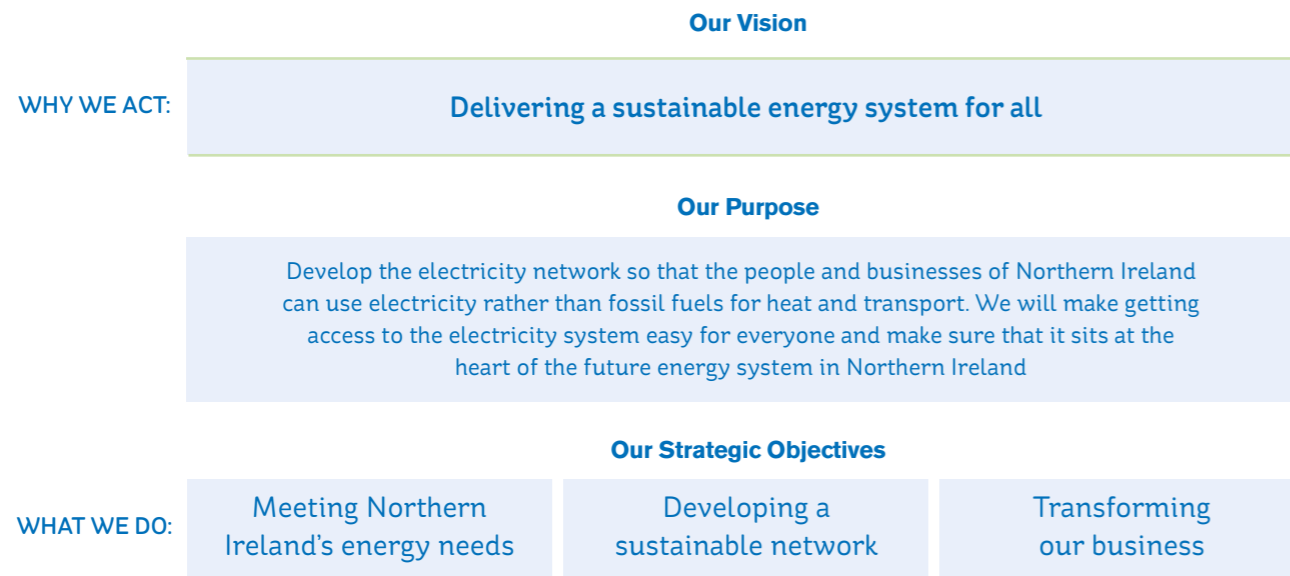
The Regulatory Period 7 (RP7) price control commenced on 1 April 2025 and will apply for the period to 31 March 2031. The UR published its Final Determination in October 2024 with total capital investment and operational cost (allowances of £2.2 billion (21/22 prices) and a baseline rate of return on capital investment of 4.53% plus inflation (weighted average cost of capital based on pre-tax cost of debt and post-tax cost of equity) reflecting higher debt market interest costs. The rate of return on capital investment will be adjusted to reflect the market cost of new debt raised in RP7.

The RP7 period will be a critical period on the pathway to achieving the NI Climate Act target of net zero carbon by 2050 and will require significant investment in the network.



# Strategy

NIE Networks' Strategy is summarised in the diagram below:



NIE Networks' strategic direction is determined by obligations under its Transmission and Distribution licences and its vision of 'Delivering a Sustainable Energy System for All' which sets the specific goal NIE Networks aspires to in the future, providing direction for the group within the changing external landscape in which it operates.

This will be achieved by ensuring the network has sufficient capacity to facilitate growth and enable greater electrification of heat and transport, providing network users with timely access to the grid, ensuring a safe and reliable service and maintaining a strong focus on customer service. NIE Networks' Purpose is thus to:

*'Develop the electricity network so that the people and businesses of Northern Ireland can use electricity rather than fossil fuels for heat and transport. We will make getting access to the electricity system easy for everyone and make sure that it sits at the heart of the future energy system in Northern Ireland.'*

NIE Networks has three Strategic Objectives to deliver on its Vision and Purpose namely:

**FOR NORTHERN IRELAND: Meeting Northern Ireland's Energy Needs**

We will:

- Provide households, businesses and communities with better customer service through new ways to manage electricity demand and faster connections.
- Enable business expansion, inward investment, and job creation by developing an energy system that supports growth.
- Guide NI towards the best long-term energy solutions by working in partnership with Government, other energy companies, and customers to make good decisions.
- Use the evaluative performance framework to enhance stakeholders' insight into our work and achieve societal outcomes beyond our usual activities.

**FOR THE NETWORK: Developing a Sustainable Network**

We will:

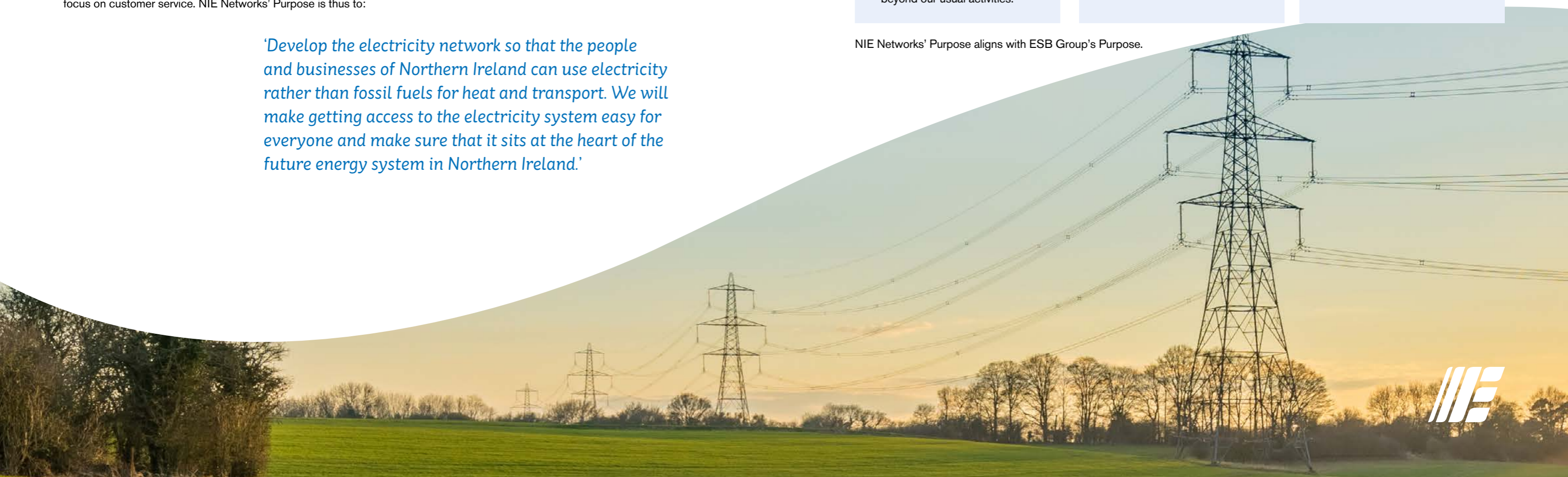
- Connect more renewable generation and low carbon technologies to our network faster and at reasonable cost.
- Enable NI to move away from fossil fuels through electrification of heat and transport by growing and managing electricity network capacity.
- Maintain safety for staff and customers by making good choices.
- Provide a reliable electricity supply for all electricity users in NI by building and maintaining a resilient electricity network while minimising cost to customers and ensuring value for money.

**FOR NIE NETWORKS: Transforming our business**

We will:

- Make sure our people have the capability and opportunities to deliver our strategic objectives through an inclusive, ethical, and caring culture.
- Grow the business safely by seeking better ways of working, joined-up decision making, innovation, digitalisation, and sustainability; and
- Maintain our financial strength and reputation through our clear commercial focus that includes the promotion of electrification as a means to decarbonise energy, heat, and transport.

NIE Networks' Purpose aligns with ESB Group's Purpose.



## Financial Review

### Financial Key Performance Indicators (KPIs)

#### Capital Investment

As a critical electricity infrastructure provider, NIE Networks continued to deliver on its commitments to customers during 2025, with a further capital investment of £284.1 million which is £38.2m or 16% up on 2024. This investment has increased the capacity and the resilience of the NI electricity system and ensured that the amount of time customers were without supply (CML) was at comparatively low levels relative to other countries. This is the equivalent of £3.9m of capital investment for every £1m of profit after interest and tax.

#### Operating Profit and Profit after Tax

NIE Networks' operating profit for 2025 at £150.5m is down £76.5m on 2024 and Profit after interest and tax for 2025 at £72.1m is down £62.3m or 46% on 2024 primarily due to:

- £36.8m lower pass-through Net Public Service Obligation (PSO) income relative to 2024 (2025 £11.5m net cost versus 2024 – £25.3m net income) mainly due to timing differences between the receipt of PSO revenue via the Power Procurement Business Public Service Obligation mechanism and the onward payment of this revenue to energy suppliers;
- £32.3m higher operating costs relative to 2024 at £257.4m (2024 – £225.1m) primarily as a result of increased repair costs associated with Storm Éowyn and higher staff costs (reflective of recruitment to enable delivery of the commitment to provide a sustainable energy system); and
- Timing related reductions in regulated UoS revenue mainly reflective of lower corporation tax charges.

PSO revenue is received by NIE Networks from two main sources; namely revenue received from the Power Procurement Business and paid out to electricity suppliers to pass on to electricity customers and secondly revenue from electricity suppliers to recover the net cost of supporting industry programmes such as the NI Sustainable Energy Programme. PSO revenue is earned over time in line with the UoS by suppliers under the schedule of entitlement set by the UR for each tariff period. Over time, PSO related income and costs net to nil, albeit there are timing differences between the receipt of revenue and payment of costs.

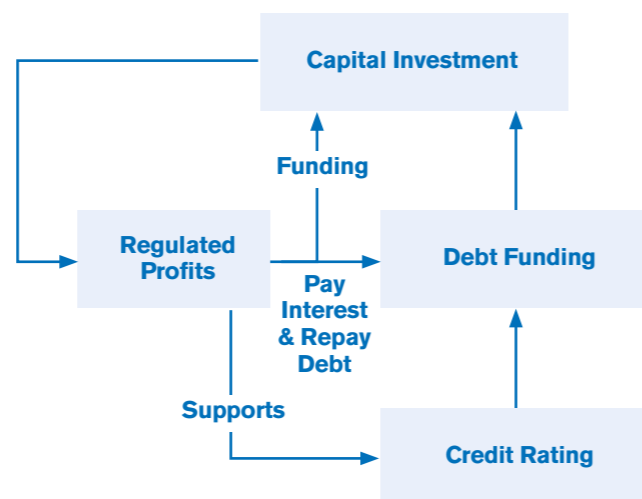
#### What is the right level of profitability for NIE Networks?

NIE Networks revenue and its allowed return on capital investment (profits) are regulated by the UR. The average baseline regulated return on capital investment (profit) allowed for the RP7 price control period is 4.53% before inflation, to cover both the market interest cost of debt funding and returns on investment comparable to similar UK electricity network companies.

NIE Networks invested a record £284.1m in 2025 and £2.4bn in the period from 2011 to 2025 into critical electricity

infrastructure for the benefit of customers, the economy and wider society, with net debt of over £1 billion as of 31 December 2025. It is planned to double the scale of investment in the network to over £2bn in the RP7 price control over the next five years. This is to support the delivery of our strategy of delivering a sustainable energy system for all that meets Northern Ireland's (NI) energy needs. NIE Networks must earn an appropriate level of profit to finance capital investment, pay the interest on its borrowings, repay its borrowings as they fall due, and access new debt facilities to make the significant capital investment required to deliver on its ambition to create a sustainable energy system for all.

To enable borrowing at reasonable interest rates to fund this investment, NIE Networks needs a strong credit rating. This rating is an independent assessment of the Group's creditworthiness based on its level of debt, profitability, and track record. NIE Networks has successfully maintained a strong credit rating in recent years, and it is critical to continue delivering its business plans, including profit, to maintain that rating.



#### Net Assets

The Group's net assets of £673.2m increased by £33.0m, on the previous year reflecting profit after tax of £72.1m partly offset by a dividend paid to the shareholder during the year of £27.2m and in-year re-measurement losses (net of tax) of £11.9m on net pension scheme assets.

#### Cash Flow

Cash and cash equivalents decreased by £86.7m during the year primarily due to outflows from investing activities of £249.8m reflecting the Group's continuous investment in the network and the £27.2m dividend paid largely offset by net cash inflows from operating activities of £196.1m.

### Financial Risk Management

The main financial risks faced by the Group relate to capital management and liquidity risk, interest rate risk and credit risk. The Group's objective is to manage financial risks at optimum cost. The Group employs a continuous forecasting and monitoring process to manage risk.

#### Capital Management and Liquidity Risk

The Group is financed through a combination of equity and debt finance. Details in respect of the Group's equity are shown in the Statement of Changes in Equity and in note 23 to the financial statements.

The Group's debt finance at the year-end comprised bonds of £400m, £350.0m and £350.0m (£399.9m, £347.0m and £347.5m respectively net of amortised issue costs) which are due to mature in June 2026, December 2032 and December 2035 respectively. The Group has access to a £600.0m RCF from ESB on an arm's length basis, none of which was drawn down at the year end. The RCF is due to mature in June 2027.

The Group's liquidity risk is assessed through the preparation of cash flow forecasts. The Group's policy is to have sufficient funds in place to meet funding requirements for the next 12 to 18 months. This policy is maintained through the continuous forecasting and monitoring process.

The Group's policy in relation to equity is to finance equity dividends from accumulated profits. In relation to debt finance, the Group's policy is to maintain a prudent level of gearing.

NIE Networks' licences contain various financial conditions which relate principally to the availability of financial resources, borrowings on an arm's length basis, restrictions on granting security over the Group's assets and the payment of dividends. The Group is in compliance with these conditions.

The Group maintained its strong investment grade credit rating of BBB+ from Standard & Poor's during the year.

#### Interest Rate Risk

The £400m, £350.0m and £350.0m bonds are denominated in sterling and carry fixed interest rates of 6.375%, 5.875% and 5.750% respectively.

Given that 100% of the Group's total borrowings at December 2025 carry a fixed interest rate, the Group does not consider that it is significantly exposed to interest rate risk.

Since December 2010, NIE Networks has held a £550m portfolio of Retail Price Index (RPI) linked interest rate swaps (the RPI swaps). The RPI swaps were put in place by the Viridian Group (the Group's previous parent undertaking) in 2006 to better match NIE Networks' debt and related interest payments with its inflation-linked regulated assets and associated revenue – in the nature of economic hedge. As part of the acquisition of NIE Networks by ESB in 2010, the swaps were novated to NIE Networks.

In 2011, following the novation of the swaps to NIE Networks, the group entered into back-to-back RPI linked interest rate swaps with ESBNI Limited (ESBNI), the immediate parent undertaking of the Group, which have identical matching terms to the swaps. The back-to-back matching swaps with ESBNI ensure that there is no net effect on the financial statements of the Group and that any risk to financial exposure is borne by ESBNI.

During 2025, the Company and its counterparty banks agreed a further restructuring of the swaps, including amendments to certain critical terms and entering new offsetting on-market RPI swaps to crystallise the existing marked-to-market position and pay the swaps down over a period of twelve years. These changes included removal of the mandatory 2025 break period for the swaps maturing in 2036, amendments to the fixed interest rate element of the swaps and a change to the number of swap counterparties. The new portfolio of swaps mirrors the restructured existing profile and whilst paying a variable rate it also incorporates an additional fixed spread component creating a set repayment profile over the life over the swaps. The Company's back-to-back matching swaps with ESBNI were also restructured to ensure that there is no effect on the financial statements of the Company and that any risk to financial exposure is borne by ESBNI.

Further details of the swaps, including fair values and details of restructuring, are disclosed in note 19 to the financial statements.

### Credit Risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables (excluding prepayments and accrued income), short-term investments and other financial assets as outlined in the table below:

Year to 31 December	2025 £m	2024 £m
Cash and cash equivalents	31.7	118.4
Trade and other receivables (excluding prepayments and accrued income)	74.4	73.0
Derivative financial assets— current and non-current	245.8	266.6
	<b>351.9</b>	458.0

The Group's credit risk in respect of trade receivables from licensed electricity suppliers is mitigated by appropriate policies with security received in the form of cash deposits, letters of credit or parent company guarantees. With the exception of certain public bodies, payments in relation to new connections or alterations are received in advance of the work being carried out. Payments received on account are disclosed in note 17 to the financial statements.

Other financial assets comprise RPI linked interest rate swap arrangements entered into with ESBNI, a wholly owned subsidiary of ESB, as outlined above. The counterparty risk from ESBNI is not considered significant given ESB's investment in the Group and ESB's strong investment grade credit rating of A with S&P Global Ratings.

The Group may be exposed to credit-related loss in the event of non-performance by bank counterparties. This risk is managed through conducting business only with approved counterparties which meet the criteria outlined in the Group's treasury policy.

Further information on financial instruments is set out in the notes to the financial statements.

### Going Concern

The Group's business activities, together with the principal risks and uncertainties likely to affect its future performance, are described in this Group Strategic Report. As noted in the section on capital management and liquidity risk, the Group is financed through a combination of equity and debt. Elements of existing debt finance maturing in June 2026 will be refinanced using the £600 million bond issued in January 2026 and settled in February 2026 under the EMTN programme.

On the basis of their assessment of the Group's financial position, which included a review of the Group's projected funding requirements for a period of not less than 12 months from the date of approval of the financial statements along with potential severe but plausible downside sensitivities, the directors have a reasonable expectation that the Group will have adequate financial resources for the 12-month period. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

## Operational Review

### Operational KPIs

NIE Networks uses a number of KPIs to measure progress towards achieving operational objectives. Performance during the year is summarised below:

#### Lost time incidents (number of)

2025  2

2024  2

#### Definition

Work-related injuries by employees that involve an absence of at least one day (not including the day the injury occurred).

#### Strategic Relevance

NIE Networks is committed to a zero-harm working environment, aiming to assess and control risks to health, safety, and wellbeing. NIE Networks continue to focus on reducing risks in business that give rise to injurious incidents.

#### Performance

There were unfortunately two LTIs in 2025, which is the same quantity as 2024. Thankfully they were low severity injuries to both employees. NIE Networks continues to invest in initiatives to reduce risks in the business.

#### Total Capital Investment (£m)

2025  £284.1m

2024  £245.9m

#### Definition

Additions to property, plant and equipment and intangible assets.

#### Strategic Relevance

Capital investment in NIE Networks is crucial for modernising infrastructure, integrating renewable energy, and ensuring network reliability and resilience.

#### Performance

Capital investment was £284.1m in 2025, an increase on 2024 of £38.2m. This primarily related to the targeted refurbishment and replacement of assets to maintain reliability of supply, enhance capacity and ensure the safety of the network as well as investment in IT expenditure to support growth.

### Customer Minutes Lost - Planned CML (minutes)



**Definition**  
Average number of minutes lost per customer for the period through pre-arranged shutdowns for maintenance and construction. This excludes incidences where Severe Weather Exemptions have been applied as agreed with the UR.

**Strategic Relevance**  
Performance of the distribution network is measured in its availability – the number of minutes lost per customer (CML). The reliability of the grid and minimising interruptions to customers is of key importance to NIE Networks.

**Performance**  
The average number of planned CML for 2025 was 48 minutes which is an increase compared to 40 minutes in 2024 reflecting the increased investment and associated construction work on the network.

### Customer Minutes Lost - Fault CML (minutes)



**Definition**  
Average number of minutes lost per customer for the period through unarranged shutdowns for maintenance and construction. This excludes incidences where Severe Weather Exemptions have been applied as agreed with the UR.

**Strategic Relevance**  
The reliability of the grid and minimising interruptions to customers is of key importance to NIE Networks.

**Performance**  
The average number of fault CML for 2025 was 39 minutes which is a 10% decrease compared to 43 minutes in 2024.

### Compliance with Guaranteed standards



**Definition**  
Meeting minimum service levels set by the UR to ensure quality, reliability, and accountability, often compensating customers if these standards are not met.

**Strategic Relevance**  
Building trust, enhancing customer satisfaction, and fostering a positive reputation and increased customer loyalty.

**Performance**  
Performance in line with 2024 at 99.99%.

### Stage 2 complaints to the Consumer Council (number of)



**Definition**  
Unresolved customer issues that are escalated to the Consumer Council for Northern Ireland (CCNI) for further assistance after the customer has attempted to resolve the matter directly with the NIE Networks.

**Strategic Relevance**  
Feedback mechanism to identify service gaps, improve customer relations, and ensure compliance with regulatory standards, ultimately safeguarding reputation and maintaining customer trust.

**Performance**  
There were 2 Stage 2 complaints to the Consumer Council, which is an increase from zero in 2024.

### Customer demand connections completed including non-recoverable alterations (number of)



**Definition**  
The number of customer demand connections completed during the year, this includes Domestic, Commercial, Additional Load, Large Customer Jobs, Unmetered, Recoverable Alterations and Housing >12 but excludes Small Scale Generation (SSG), Large Scale Generation (LSG) and clusters.

**Strategic Relevance**  
The drive towards a decarbonised society is now driving significant interest in connections of low carbon technologies such as electric vehicle chargers and electric heat pumps to the network.

**Performance**  
Increase of 296 compared to performance achieved in 2024 reflecting increased demand, in 2025, for single domestic rural jobs and a focus for connections to close out completed jobs by the end of 2025.

### Reduction in non-network carbon emissions per employee (versus 2019 baseline)



**Definition**  
Percentage reduction in carbon emissions intensity, against a 2019 baseline, normalised by headcount. Carbon emissions intensity is the carbon emissions from our activities (fleet fuel use, building emissions, Sulphur hexafluoride (SF6), waste, grey fleet, air travel, water, air conditioning and other fuel use) normalised by headcount.

**Strategic Relevance**  
Provides measurement of the reduction in carbon emissions generated by NIE Networks' activities against annual reduction target. This allows NIE Networks to track its' performance against its' carbon reduction ambitions of 50% reduction in Scope 1 and 2 emissions by 2030 and Net Zero emissions by 2050 or sooner.

**Performance**  
The level of reduction in carbon emissions intensity (per employee) from the 2019 baseline has increased by 17.1% in 2025 compared to 2024. This reduction can be mainly attributed to the increase in headcount and SF6 which has increased over the year and the method by which the carbon reduction figures are normalised.

### Waste recycling rate



**Definition**  
Percentage recycling rate for all hazardous and non-hazardous waste (excluding excavation from roads and footpaths, civil projects excavation and asbestos removal).

**Strategic Relevance**  
This metric highlights the tonnage of materials recycled, which helps the organisation to focus on reducing the need for new raw materials and promote environmental sustainability by promoting circularity, minimising resource extraction, and waste disposal.

**Performance**  
Increase of 1.5% from 2024 and above target of 96%.

### Headcount (at 31 December)



**Definition**  
Number of employees at 31 December 2025.

**Strategic Relevance**  
The delivery of the strategy will require an organisation that is of a certain scale and is flexible, highly motivated and adaptable.

**Performance**  
Headcount was 1,681 at 31 December 2025, an increase of 39 people since 2024. This reflects recruitment during the year to enable the business to deliver on its commitments to transform the energy system.



## Responsible Business Review

NIE Networks provides a vital service to every home, farm and business in NI as part of its day-to-day work in delivering electricity supplies. Through its mainstream business activities and various specific initiatives, the business seeks to make a positive impact on the communities in which it operates.

The key developments and achievements across the business during 2025, including principal Corporate Social Responsibility (CSR) initiatives, are outlined below.

### Health, Safety and Wellbeing

The health and safety management system is accredited to ISO45001, following best practices from the Health and Safety Executive Northern Ireland (HSENI) and the Institute of Directors. NIE Networks collaborates with various organisations, including HSENI, NI Utilities Safety Group, and the Energy Networks Association (ENA), to enhance safety culture and performance as outlined below in the various initiatives, plans and programmes.

<b>Safety Initiatives and Improvements:</b>	<ul style="list-style-type: none"> <li>• <b>Audits:</b> Further enhancements to H&amp;S Risk Management and Internal Control Framework to address Audit recommendations.</li> <li>• <b>Safety Training:</b> Ongoing formal safety training for employees and contractors, including safety seminars and a monthly newsletter.</li> <li>• <b>Incident Review Board</b> established to ensure the delivery of effective investigations.</li> </ul>
<b>Wellbeing Initiatives:</b>	<ul style="list-style-type: none"> <li>• <b>Health Promotion:</b> Increased initiatives in 2025, including flu vaccination clinics, NeuroSpinology clinics, and health checks for over 750 employees.</li> <li>• <b>Financial Wellbeing Clinics:</b> Clinics to help employees with financial health checks and decision-making.</li> <li>• <b>Mental Health Focus:</b> Increased mental health first aid training and awareness events, supported by the Employee Assistance Programme.</li> <li>• <b>External Experts:</b> Engagement with more external experts to support wellbeing programmes, with positive feedback and increased participation.</li> </ul>
<b>Public Safety Programme</b>	<ul style="list-style-type: none"> <li>• <b>Awareness Campaigns:</b> “Look Up Look Out” campaign delivered through TV, radio, print, and digital media, targeting a wide audience including the agricultural sector.</li> <li>• <b>Safety Presentations:</b> Delivered to contractors, other utilities, and their partners to address third-party contact across the electricity network.</li> </ul>
<b>Regular Updates</b>	<ul style="list-style-type: none"> <li>• <b>Performance Updates:</b> Regular updates on safety performance provided to the Health and Safety Management Committee, Executive Committee, and Board meetings for assurance against annual objectives.</li> </ul>

### Network Investment

In 2025 NIE Networks invested £206.1m (2024 – £171.3m) in the transmission and distribution networks principally across overhead lines, substations and cables. This investment targeted condition-based refurbishment and replacement to maintain reliability of supply, enhance capacity and ensure the safety of the network.

NIE Networks endeavours to deliver all of its capital investment work programmes consistent with the core group values of being safety, people, customer, commercially and future focused.

### Network Performance

The provision of a safe, reliable and responsive electricity service, which endeavours to meet the standards customers expect, is a key priority for NIE Networks.

During 2025, NIE Networks continued to efficiently manage outages required for essential maintenance and development to minimise the occasions and length of time that customers were off supply. As mentioned above, performance of the distribution network is measured in its availability – the number of minutes lost per customer (CML). During the year, 91.7% (2024 – 92.0%) of electricity supplies were restored within three hours, far exceeding the regulatory standard of 87%.

NIE Networks continues to test and confirm the robustness of its emergency response capabilities during severe weather events in order to effectively restore supply to all customers. The significant commitment from staff across the business helps to ensure that NIE Networks manages effectively this very important aspect of the business with every employee having an “escalation role” in addition to their normal day-to-day role. In January 2025, NIE Networks had to manage recovery from the biggest wind event in its history. Storm Éowyn caused damage to the electricity networks across NI, with almost one third of premises losing supply. NIE Networks’ teams and contracting partners carried out repairs in difficult conditions in service of its customers and communities, ensuring that all work was done safely, and that electricity was restored as quickly as possible. Within 48 hours almost 75% of homes and businesses without power had power restored. Storm Amy occurred in October 2025 and met the threshold for exemption which resulted in 108,000 homes and businesses losing power. Within 48 hours 91.6% of homes without power had power restored.

Looking forward to 2026, the key opportunities around Network Performance will be in enacting system, process and other changes to deliver against a challenging RP7 CML incentive for the betterment of customers, and in commencing a rollout of both HV Active Network Management devices and Worst Served Customer projects to improve performance for those customers worst affected by faults.

### Customer Service

Customer service remains a top priority for NIE Networks. Total customer complaints rose by 11% in 2025 compared to 2024, largely due to increased interruption to supply complaints including unplanned outages, particularly transient interruptions as well as planned outages from essential RP7 network rebuild projects.

NIE Networks’ Digital First Strategy expands customer choice and streamlines how customers interact with us. Following the introduction of a range of self-service channels - including our PowerCheck application (which provides real-time updates on network outages, including the cause of the fault and estimated restoration times), Live Chat and WhatsApp - we have seen a clear shift in customer preferences towards digital engagement.

Customer interactions have moved from 90% phone / 10% digital in 2024 to 55% digital / 45% phone in 2025, improving self-service while maintaining strong customer support.

External surveys track overall customer satisfaction, with an RP7 target score of 8.2. Our social media service continues to outperform this benchmark, consistently scoring 9-10 for speed and quality.

Supporting vulnerable customers remains a key priority. 2025 initiatives include LanguageLine for interpretation, the AdviceNI referral portal, and a Train the Trainer programme to embed vulnerability awareness across the business. In May 2025, we achieved BS ISO 22458, the global standard for inclusive service. Our customer care register now supports 34,000 customers, an increase of 31% compared to 2024.

The annual Customer Service Action Plan, approved by the Board, drives improvements over the RP7 period. The Consumer Engagement Advisory Panel (CEAP) oversees customer consultations in shaping RP7 priorities. Partnerships with other utilities and agencies has allowed for faster restoration during emergencies and severe weather, ensuring reliable service during critical times.

### People

#### Staffing

At NIE Networks, its success is driven by its people. NIE Networks are dedicated to attracting, engaging, and retaining exceptional talent by fostering a positive, inclusive, and caring work environment. Welcoming diverse perspectives ensures its continued success.

In 2024 NIE Networks achieved IIP Platinum ‘We invest in People’ Accreditation, followed by Platinum awards for ‘We invest in Apprentices’ and ‘We Invest in Wellbeing’ in 2025. NIE Networks is one of only seven UK companies holding all three accreditations, and the only one at platinum level across each.

The IIP Platinum ‘We invest in Wellbeing Award’ recognises NIE Networks commitment to creating a workplace where people





feel supported, valued, and able to thrive. The rigorous independent assessment of behaviours, practices, and processes led to the highest accolade achievable.

NIE Networks HR strategy prioritises personal growth and wellbeing through leadership development, engagement, and diversity. Initiatives like the 'Talent Hub' and 'Safer Together Cultural Journey' promote professional and personal growth, supporting its goal to deliver a sustainable energy system while maintaining service continuity, trust, and morale.

In 2025, NIE Networks focused on developing employee skills and capabilities to deliver high-quality service and enable decarbonisation of the electricity system. NIE Networks aims to attract new talent and collaborate with external bodies to fill challenging roles, maintaining strong engagement and collaboration.

**Training and Development**

NIE Networks seeks to attract and retain talent through its award-winning apprenticeship programme, higher-level pathways, graduate and scholarship schemes, providing a strong future pipeline. NIE Networks' Technical Training Centre, the first in NI to achieve the IIP "We invest in Apprentices" award, continues to uphold high standards.

The HR Team has expanded to include a Talent Team and Learning & Development Officer, establishing a Career Pathway Forum to coordinate employee development. Policies and procedures are under review to ensure inclusivity.

**Equality and Diversity**

NIE Networks proactively reviews HR policies to ensure inclusivity and compliance with legislation. We continue to hold the Silver Diversity Charter Mark and are committed to an action plan supporting employees with disabilities and from diverse backgrounds. Our goal is to be a leader in diversity and inclusion by ensuring we have an inclusive and accessible workplace for all our current and future employees where everyone is supported to reach their full potential. Six Employee Resource Groups build awareness and understanding of diversity and inclusivity across the business.

**Employee Engagement**

Employee Engagement remains a key priority. In October 2025, 75% of employees participated in a pulse survey, achieving an engagement score of 86%. The pulse survey results showed an improvement in most areas from the 2024 pulse survey. Engagement processes are embedded in NIE Networks' culture. Alongside extensive engagement with the whole organisation through the Local Leadership teams, 2050 Forum, Diversity & Inclusion and Health & Well Being Forums the Employee Engagement Board, chaired by the Head of HR, also continued to meet bi-monthly.



**Work Experience and Educational Outreach**

NIE Networks continue to engage students through educational outreach initiatives to encourage careers in engineering.

**Community Initiatives**

As a member of Business in the Community (BITC), NIE Networks supports local projects and partner with Disability Action, Autism NI, and the NOW Group, rolling out Just a Minute (JAM) training for frontline employees.

During 2025, employees nominated 12 local charities through the engagement process and raised £33,000. NIE Networks employees over the last 5 years have raised £90,000 for local charities through this initiative and from supporting its engagement, diversity & inclusion and health & wellbeing surveys.

Charitable giving by employees is promoted through the Staff and Pensioners' Charity Fund, to which the Group contributed £10,000 during the year. In 2025, the Charity Fund donated £38,100 to local charities.

Through other partnerships with Royal Society for the Protection of Birds (RSPB), Ulster Wildlife and The Conservation Volunteers (TCV) employees have volunteered their time to support a number of local environmental initiatives.

**Connections**

NIE Networks' Connections business provides reliable and timely electricity connections in NI. This includes connecting new loads, altering the network, and connecting generators to the distribution network. The push towards decarbonisation is driving significant interest in connecting low carbon technologies like electric vehicle chargers and heat pumps. NIE Networks aims to minimise costs and support customers in reducing emissions.

In 2025, NIE Networks completed 8,168 new connections (2024 – 6,992). This figure includes all demand work and additionally SSG, LSG and clusters. Since March 2018, parts of the connections market have been open to competition, and in April 2023, ICPs were allowed to deliver final low voltage connections. For 'contestable' elements of connections, customers can choose between NIE Networks or accredited ICPs.

NIE Networks has connected around 34,000 renewable generators, adding approximately 1.95GW of capacity. The latest statistics show that 44.2% of NI's electricity consumption came from renewable sources for the twelve months to 30 September 2025.

The renewable future of NI is dependent on good partnership and collaboration with industry participants, customers and other stakeholders. In 2025, the Department for the Economy (DfE) published a decision to change the electricity connections charging policy bringing it in line with neighbouring regions. NIE Networks is committed to working closely with the DfE and the UR to implement this change. In addition, NIE Networks published a decision paper during the year to update cluster substation connection methodologies.

**Market Operations**

During the year, NIE Networks achieved over 99.9% (2024 – 99.9%) compliance with its regulatory standards in respect of customer appointments for metering services. Separately, approximately 3.7 million visits are made each year to customer properties to take meter readings to ensure that electricity consumption is calculated accurately, thereby minimising the number of estimated bills issued by electricity suppliers. Changes in consumer trends and social dynamics significantly impacted property access, which resulted in obtaining a meter reading for 98.3% of customers against an overall target of 99.5% in the period to 31 March 2025.



NIE Networks has certain obligations under the Trading and Settlement Code to provide aggregated meter data for the purposes of settlement of the wholesale Integrated Single Electricity Market and continued to be compliant with these obligations throughout the year. NIE Networks continued to operate the retail market arrangements in accordance with the Market Registration Code and associated agreed procedures.

A major programme to replace meters that have reached the end of their life cycle continued during the year with the replacement of approximately 19,000 meters. Around 53% of customers' meters have now been replaced since this programme commenced in 2015.

#### Smart Metering

Smart metering is crucial for the energy transition and achieving net zero in NI. It empowers customers and provides significant benefits to the electricity system, aiding in efficient management and informed consumption choices. Digitalisation of the energy system, driven by data from smart meters, supports climate change goals. While smart meters are common in many European countries, they are not yet available in NI.

A cost-benefit analysis by the DfE in June 2023 supported the economic case for a smart meter rollout. In October 2024, the DfE launched a public consultation, "Design plan for the roll-out of smart electricity meters". NIE Networks has formally responded on 12 December 2024 and is engaging frequently with DfE and the UR. NIE Networks will be progressing planning activities and will be presenting our delivery plan to both DfE and UR in due course.

#### Sustainability

As the Distribution Network Operator and Transmission Asset Owner, NIE Networks plays a central role in NI's decarbonisation, enabling the transition to a low-carbon economy by connecting renewable generation and supporting low-carbon technologies, whilst building increased resilience into the network. NIE Networks approach ensures the electricity network operates dynamically, flexibly, and efficiently, while maintaining the highest standards of safety, security, and reliability.

NIE Networks is committed to building a sustainable energy system for all and embedding responsible practices across operations. NIE Networks' Sustainability & Environment Policy commits to positive impacts for the environment, society, and economy, locally and globally. This commitment is reinforced through alignment with the European Distribution System Operators Sustainable Grid Charter, reflecting the focus on tackling climate change and broader societal challenges. In line with statutory reporting requirements, business activities are managed responsibly, and proactive steps are taken to reduce our carbon footprint.

The introduction of the PPP Plan, which runs from 2025 – 2031, is a comprehensive companywide endeavour which integrates all material aspects of sustainability, including Climate Change, Resource Use and Circularity, Biodiversity and People, ensuring compliance with Legislation and aligning with best practice. The PPP Plan will also enable disclosure to future mandatory ESG reporting frameworks.

NIE Networks has committed to a Net Zero by 2050 or sooner, from a 2019 baseline. Progress against energy and carbon reduction targets is provided in more detail as part of the Streamlined Energy and Carbon Reporting (SECR) statement on pages 48 – 50.

#### Environment

NIE Networks' Sustainability & Environment Policy commits to protecting and mitigating the impact of its activities on the environment. NIE Networks is also committed to aligning its business with social objectives and supporting local environmental organisations who also protect and improve the environment in NI. The Environmental Management System is certified to ISO14001, it is designed to ensure compliance with all relevant legislative and regulatory requirements and to promote continual improvement in all we do environmentally. NIE Networks seeks to be an industry leader, developing standards and best practice solutions where possible.

The annual People, Planet, Place Plan sets out detailed steps to ensure the achievement of the key objectives of minimising the risks of air and water pollution and land contamination, minimising the impact on local communities, enhancing energy and resource consumption efficiency and waste management practices whilst ensuring appropriate overall environmental management.

Throughout 2025, the Company continued to focus on each of the following areas:

- Waste management targets with the recycling rate for all hazardous and non-hazardous waste (excluding excavation from roads and footpaths, civil projects excavation and asbestos removal) remaining high at 98.1% (2024 – 96.6%).
- Managing environmental incidents and ensuring clean up procedures are followed where environmental incidents occur; and
- Continued energy management improvement across operational sites.

Two external audits of the ISO14001 system were completed during 2025 with zero non-conformances identified.

To support its environmental programme, ISO14001 targets and the continual improvement of its management system, NIE Networks has partnered with local bodies including TCV and the Royal Society for the Protection of Birds (RSPB) NI.



Through its partnership with TCV, NIE Networks has planted over 24,000 trees between November 2023 and April 2025. The number of trees planted will continue to increase over the coming years, with a target of planting more than 50,000 trees per year. This supports the replanting of trees felled as part of its resilience tree-cutting programme, which ensures vegetation remains a safe distance from overhead lines. By selecting locations for new woodland away from overhead lines, it can also prevent repeat habitat loss in the future. All tree planting is carried out by hand, with no machinery used, ensuring the entire process is nature-positive - from native seed collection to germination and transplanting.

2025 saw the Company's third year of participation in peatland restoration projects in partnership with RSPB NI, to create peat dams that collect water and prevent the bog from drying out. This work will improve biodiversity, carbon capture, and water quality in the area.

NIE Networks achieved the top level "platinum" award in BITC (Northern Ireland) Environmental Benchmarking Survey for the tenth consecutive year in 2025. This survey recognises those organisations that go above and beyond their legal requirements to improve their environmental impacts and better manage their resources.

#### Environmental Social and Governance (ESG) Reporting

NIE Networks aims to demonstrate, through its reporting regimes, (1) adherence to globally recognised ESG frameworks, (2) its clear net zero transition plan, and (3) that it is an organisation where its people can make a difference to local communities and the environment.

NIE Networks continues to develop its ESG reporting through early voluntary alignment to EU Corporate Sustainability Reporting Directive (CSRD) to inform ESB Group's disclosures.

Following its Double Materiality Assessment (DMA) completed in 2024, whereby NIE Networks developed its Impacts, Risks and Opportunities, the Group has taken steps to integrate these into the Corporate Risk Management Framework.

In the period, the Group undertook a Policy Gap Analysis based on material topics from the DMA and a Sustainability Policy Architecture aligned to CSRD will be implemented over a three-year period. The Group's CSRD implementation plan is underway, with dependencies and milestones mapped.

NIE Networks is closely monitoring developments on UK Sustainability Reporting Standards (UK SRS) to ensure readiness ahead of adoption by the UK government.



## Stakeholder Engagement and Section 172(1) statement

The Board of Directors consider, both individually and together, that they have acted in a way they consider to be in good faith and that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in decisions taken throughout 2025. This also forms the directors' statement required by the Companies (Miscellaneous Reporting) Regulations 2018.

#### Strategy and long-term decision making

The Board is cognisant of its responsibility to promote the success of the business for the long-term sustainable benefit of its shareholder and to contribute to wider society and, in doing so, the directors consider the impact of decisions on key stakeholders.

The Board reviewed the Group's strategy during 2024 and approved the strategy in February 2025. The updated strategy is summarised on pages 10 – 11. The implementation of strategy by management is supported by an annual business plan with financial and operational KPIs, five-year projections including funding requirements, and a review of principal and emerging business risks. All matters presented for approval must materially align with the Group's strategy and business plan, and the Board monitors performance against the plan throughout the year.

Throughout 2025, the Board focused on key components to enable NIE Networks' three strategic objectives; meeting NI's energy needs, Developing a sustainable network, and transforming the business, and the Board received updates on the progress made in delivering the Company's 2025 three Strategic Programmes; New Connections Model, Access, Capacity & Resilience, and Severe Weather Resilience. During 2025, the Board approved the establishment of a £2.5bn EMTN borrowing programme and the issue of a £350m sterling bond by NIE Finance PLC, guaranteed by the Company, to international capital investors under this programme. In January 2026 a further £600 million 15.5-year bond was also approved by the Board. These bonds support the financing required to enable delivery of existing and future investment in line with our strategy and the £2.2bn RP7 business plan.





#### Reputation for high standards of business conduct

The Board is committed to maintaining high standards of corporate governance and business conduct, applying the Corporate Governance Principles for Large Private Companies (Wates Principles) (refer to the Governance Report on pages 40 – 47).

The Board has approved a Code of Ethics which outlines the Company's commitment to responsible and ethical business behaviour in addition to policies and procedures on the prevention, detection and investigation of fraud, bribery and corruption, and a Modern Slavery policy. The Board also has a Conflicts of Interest Policy in place which details how directors' potential, perceived or actual conflicts of interest will be managed.

#### Employee Interests

The Company's employees are its greatest asset and the directors ensure that employee interests are taken into consideration while promoting the success of the Group. Information about how the Group engages with its employees is available on pages 23 – 25.

Improving the health, safety and wellbeing of employees and contracting partners is the number one value at the core of the Company's business operations, with the aim of providing a zero-harm working environment. It is the first matter considered by the Board at each meeting and during 2025, the Board received updates on progress made in the rollout of health surveillance assessments for employees and the results arising, progress made to strengthen compliance with Health and

Safety legislation, the introduction of an Investigations Review Board to focus specifically on safety incidents and delivery of recommendations arising from lessons learned, and the development of Lone Working Guidelines. The Board was also updated throughout the year on continued engagement with the Company's employees and contracting partners about growing the business safely to deliver the RP7 work programmes. Further information on the Company's approach to health, safety and wellbeing is available on page 21.

Throughout 2025 the Board was updated on important human resources matters including the achievement of the Company's third platinum accreditation from the IIP organisation under the 'We Invest in Wellbeing' category, the prioritisation of leadership development throughout the year, succession planning and continued efforts made by the Group to attract and retain talent in the highly competitive recruitment market which persisted in 2025. The Board welcomed the outcome of a 2025 Employee Engagement Pulse Survey and noted the very high survey response rate which indicated an engaged workforce.

#### Impact on the Community

The Company makes a positive impact on the communities in which it operates through the delivery of its day-to-day services.

At each meeting, the Board considered how the Company ensures the safety of the general public in its operations and considered initiatives comprised within public safety campaigns to raise the public's awareness of the dangers of the electricity network.

The Board approved a Vulnerable Customer Strategy in 2021 to enhance services for those customers needing extra support. During the year, the Board was updated on the continued work of a dedicated Vulnerable Customer Team, including the support available to vulnerable customers during planned interruptions to supply and storm escalation periods. The Board was also updated on training provided to staff and engagement with partners to further enhance the support provided to vulnerable customers. During 2025, the Company achieved the Inclusive Service Kitemark which demonstrates an organisation's commitment to providing inclusive services that meet the needs of vulnerable customers.

The Board approved a Customer Service Action Plan in 2025 to enhance customer service in line with our strategy and the RP7 Business Plan.

#### Impact on the Environment

The Board recognises the Company's responsibility to operate in a way that minimises the impact on the environment, and, monitors the environmental impact against targets set including the number of environmental incidents, extent of oil leaks from equipment, and recycling.

The Board approved the Group's Sustainability and Environment Policy, Sustainability and Environment Statement, and the People, Planet Places Plan (PPP) which integrate the Group's environmental and sustainability ambitions into one strategy and detailed actions intended to drive improvement in sustainability and environment across the business and provide a greater focus on sustainable ways of working. Throughout the year the Board received updates on the delivery of the PPP which was overseen by an Executive-appointed committee, the Sustainability & Environment Management Committee.

#### Stakeholder Engagement

##### Customers

The Company's customers include large electricity users, customers seeking demand or generation connections, business and domestic customers, including those with specific needs, and landowners. These customer groups and their various representative bodies, including the CCNI, are key stakeholders with well-established engagement channels in place.

Throughout 2025, the Board received regular updates on ongoing engagement with customer representatives who provide feedback on the Company's performance with this work overseen by the CEAP comprising the UR, CCNI, DfE and the Company.

The Board ensures a high level of engagement with customers seeking connections to the electricity network with the Group participating in a number of working groups including the Connections Innovation Working Group. In addition, meetings are held with providers of electricity infrastructure to progress

appropriate solutions to facilitate the connection of further Distributed Energy Resources (DER) in NI such as charge point operators and renewable generators.

During the year the Board was briefed on engagement with DfE and the UR in relation to the issue of customer compensation for those most affected by the power outages which resulted from Storm Eowyn on 24 January 2025. The priorities during the storm were staff and public safety, provision of honest and transparent information to homeowners, stakeholders and staff and maximising resources available for power restoration. A working group comprising representatives from NIE Networks, DfE and the UR was established at the request of the NI Executive to consider options where compensation payments would be recovered through customer electricity bills with this working group concluding that no existing legislation supported making payments to customers. Following Storm Eowyn, NIE Networks proposed and secured agreement from the UR to accelerate a long-term programme of tree cutting on the overhead network with a view to reducing the impact of future storm events.



### Suppliers

The Company continues to be impacted by global supply chain pressures and demand constraints for some resources caused by global events. During 2025, the Board was updated on engagements with key suppliers and contracting partners and industry-wide challenges faced whilst aiming to deliver significant work programmes during the RP7 period.

### Regulators

The Board has identified the UR as a key stakeholder alongside customers, employees and suppliers. The UR oversees regulatory matters in relation to the Company with established, formal channels of engagement at various levels within the Group. The Managing Director, and Finance & Regulation Director who has responsibility for regulatory matters, report on key regulatory issues at each Board meeting, with the Compliance Manager also reporting directly to the Board. Key communications with the UR are discussed at Board meetings and, in addition, during 2025 the Board met informally with the UR board.

During the year the Board was updated on the establishment of a panel under the RP7 Evaluative Performance Framework (EPF) introduced by the UR to bring an independent level of scrutiny to the Company with the panel required to assess the Company's business performance via a number of projects detailed within a Forward Work Plan. The EPF will report its findings to the UR in early 2026.

There was continued engagement with the UR and DfE in 2025 on the RP7 Business Plan, DfE's Smart Metering public consultation and other matters on which the Board was kept updated. Recognising the role of smart meters in the energy transition, the Board continued to support the Group in advocating for the introduction of smart metering to support decarbonisation, empower customers, and enable a smarter, more efficient network. During the year the Board was also updated on DfE's decisions, as advocated for by the Company, to socialise the charges payable for new connections to the electricity distribution network in NI to make new and enlarged connection cheaper and more supportive of decarbonisation and investment with this change expected to be implemented during 2026.

The HSENI and the Northern Ireland Environment Agency (NIEA) are key regulators. The Board seeks to ensure open and transparent engagement between management and the HSENI on ongoing operational health and safety issues, and the NIEA on any environmental incidents including any matters reported to the NIEA.

### Other key stakeholders

Other key stakeholders to which the Company's directors have regard include government ministers and departments, local political representatives, electricity market participants, including SONI, other utility companies, industry and business representative bodies and bond investors.

Throughout 2025, the Board was updated on key engagements between the Company and relevant NI Permanent Secretaries, their departments and Assembly Committees on actions required to achieve the energy targets outlined in the government's Energy Strategy and Climate Act for NI, as well as updates provided to these stakeholders on the Group's RP7 plans and collaborative partnerships identified.

Together with other members of the Executive Committee, the Managing Director is closely engaged with senior executives of SONI, the Transmission System Operator, on both operational matters, strategic transmission investments including the North-South Interconnector, and transition to a low carbon energy system.

The Managing Director and other senior executives engage with local councils and with groups representing industry and business, including representation on relevant committees to ensure the interests of the wider industry and business community are considered in the Company's operations and plans. The Managing Director is also a member of the joint utilities group in NI providing mutual aid in severe weather incidents impacting on service provision to customers and communities.

The Board is kept updated on engagement with the Company's bond investors and Standard & Poor's credit rating agency which is led by the Finance & Regulation Director.



**Risk Management**

*Principal Risks and Uncertainties*

NIE Networks operates a proactive approach to identifying, assessing and mitigating risks to ensure sustainable growth and protect stakeholder interests. Our Risk Management Framework provides the foundation for how risk is managed in NIE Networks and aims to support the Group in achieving its strategic ambitions and the long-term sustainable growth of its business.

In the context of NIE Network’s Strategy, energy policy and meeting NI’s energy needs, the Board continuously re-assess the risks facing NIE Networks and have clear mitigations in place to manage those risks. As such, on at least an annual basis, NIE Networks identifies the principal risks that the Organisation faces. In 2025, the Board agreed the principal risks and the risk mitigations following consideration and recommendation by the Audit and Risk Committee (A&RC). The majority of principal risks remained consistent between 2025 and 2024, however there were some additional principal risks identified as a result of emerging risks facing NIE Networks.

The principal risks that affect NIE Networks, along with the main mitigating strategies deployed, are outlined on the following pages.

Risk & Risk Description	Mitigating Strategies
<b>CULTURE, PEOPLE RELATED &amp; SAFETY RISK</b>	
<p><b>Health, Safety &amp; Well-being:</b> Risk of serious harm to the safety, health, or wellbeing of employees, contractors, customers, or the public due to our operations or omission to act.</p>	<p>A comprehensive annual Health, Safety and Wellbeing business plan is approved annually by the NIE Networks’ Board which sets out detailed targets for the management of health and safety. These targets are continually monitored as part of the Group’s ISO 45001 standard safety management framework.</p> <p>Comprehensive safety rules, policies, procedures and guidance are reviewed and communicated regularly and compliance monitored on an ongoing basis. We are continuing to deliver the ‘Safer Together’ safety improvement plan which includes growing safely initiatives with our contracting partners.</p> <p>There is a strong focus on the inspection of work sites and the reporting, reviewing and communication of near miss incidents as well as dedicated plans to manage higher risk areas, such as Fatigue Management, Confined Spaces and Noise.</p> <p>We have ongoing programmes in place to increase public awareness of the risks and dangers associated with electricity equipment. We also have ongoing engagement with GB Distribution Network Operators through the ENA to share best practice and learning.</p>
<b>FINANCIAL RISK</b>	
<p><b>Financial:</b> Failure to maintain sufficient liquidity and funding capacity to meet operational obligations and deliver the investment programme required arising from:</p> <ul style="list-style-type: none"> <li>• Increasing capital intensity.</li> <li>• A weakening financial position due to inability to deliver strategy within the RP7 financial envelope.</li> <li>• Adverse financial market conditions; and/or</li> <li>• Declining energy affordability, resulting in negative financial, regulatory or political implications.</li> </ul>	<p>NIE Networks employs a continuous forecasting and monitoring process to ensure adequate funding is secured on a timely basis.</p> <p>NIE Networks sets its financial plans cognisant of the requirement to ensure adequate funding for its activities and to maintain an investment grade credit rating with rating agencies. The Group reviews funding requirements on a regular basis, including ensuring access to a sufficient Revolving Credit Facility (RCF) from its parent.</p> <p>Credit risk in respect of receivables from licensed electricity suppliers is mitigated by appropriate policies with security received in the form of cash deposits, letters of credit or parent company guarantees. NIE Networks conducts business only with Board approved counterparties which meet the criteria outlined in the treasury policy.</p>

Risk & Risk Description	Mitigating Strategies
<b>OPERATIONAL RISK</b>	
<p><b>Business Resilience:</b> Inability to operate to sufficiently high levels of resilience when faced with business challenges particularly:</p> <ul style="list-style-type: none"> <li>• <b>IT Operations</b> – Failure to maintain secure, resilient, and compliant IT/OT systems resulting in extended outages, cybersecurity breaches or data loss.</li> <li>• <b>Network Response</b> – Inability to recover quickly following critical asset failure, extended operational outage, load-shedding or severe weather event disruption.</li> </ul>	<p>NIE Networks’ managed service arrangement for IT operations ensures systematic monitoring of technical performance, reliability across critical systems and security of our IT infrastructure. Regular reviews of IT infrastructure and associated resilience measures are conducted by the internal IT function in conjunction with external professional advisers. These activities are supported by appropriate governance structures and a comprehensive suite of IT policies, procedures and training programmes aligned with recognised industry standards.</p> <p>NIE Networks maintain comprehensive Emergency and Storm Action Plans, each reviewed and tested regularly with emergency simulations to restore the network, IT operations etc. as quickly as possible in the event of failure. NIE Networks also have Local Incident Centres and Duty Incident Teams which provide 24/7 cover. System risk assessments are completed regularly and weather forecasts actively monitored daily.</p>
<p><b>Network Infrastructure Delivery:</b> Failure to forecast and deliver the growing scale of network infrastructure and systems in a timely manner for reasons such as:</p> <ul style="list-style-type: none"> <li>• <b>Procurement/Supply Chain</b> – Failure to develop and implement a Procurement and Supply Chain Strategy that delivers materials and contractors at the required scale and pace</li> <li>• <b>Resourcing &amp; Capability</b> – Potential inability to secure and retain range of resources required to deliver network infrastructure in a timely manner</li> </ul>	<p>NIE Networks’ aim is to strike a balanced position in our business plan to maximise the potential benefits from investment in the electricity network and the electrification of society at an efficient cost. The Group have identified Strategic Programmes to ensure a targeted approach to the delivery of our strategy and RP7 commitments and we continue to maintain and develop a safe and secure network to meet market demands.</p> <p>This includes completing ongoing assessment of the network condition and, through appropriate investment, a systematic approach to maintenance, overhead line refurbishment and vegetation management with the highest risk areas prioritised.</p> <p>NIE Networks review the Procurement and Supply Chain strategies on an ongoing basis, with specific consideration around stores capability, capacity and materials forecasting processes. Diversity is built into our contract awards where possible meaning we do not rely on one manufacturer or medium type, and reserve suppliers are maintained on key material contracts to reduce the probability of failure to supply.</p> <p>NIE Networks’ Strategy is to be an Employer of Choice so that we are best placed to attract, develop and retain the knowledge and skills required to meet NIE Networks’ regulatory obligations. Organisational development is a key priority for NIE Networks with continued investment in staff training, skills development and on-going performance improvement.</p>
<p><b>Third Party Risk Management (incl. Project Delivery):</b> Risk of significant business disruption, financial loss, reputational damage, delivery delays, and potential legal consequences arising from inadequate management of third-party relationships and heavy reliance on external partners for critical services and major project delivery.</p>	<p>We maintain active engagement with our suppliers to strengthen relationships, reduce the risk of material shortages and assist them in building their capacity and capability to support delivery of our work programmes. Our Third Party Risk Management forum is in place to manage and monitor risks associated with third parties. This is underpinned by a suite of policies and procedures to manage and mitigate risks with work ongoing to enhance ongoing management and monitoring of third parties.</p>

**Risk & Risk Description**

**Mitigating Strategies**

**STRATEGIC RISK**

**Customer Service:**

Failure to make accessibility to the electricity system easy, reliable and cost reflective to meet Northern Ireland's existing and future energy needs.

NIE Networks employs a process for forecasting changes in future connection markets to establish the likely impact on the connections business, particularly in respect of increasing capacity to make connections and improving connection speed of service through our proactive network investment strategy. NIE Networks continue to promote electrification through engagement with key stakeholders on policy and incentives and look at ways to improve the connections service for the customer.

**Sustainability & Environment:**

Failure to meet our commitments to delivering a sustainable energy system for all and support the transition to net zero by inadequately responding to the climate emergency.

NIE Networks' RP7 Business Plan was developed in line with requirements to facilitate decarbonisation of the energy system and is a critical period on the pathway to achieving net zero carbon by 2050.

To support our sustainability and environment agenda, a series of overarching policy and strategy measures are in place to mitigate the risks associated with climate change including the Group's Sustainability & Environment Policy, and the refreshed PPP Plan for 2025 – 31. Extensive and continued involvement with a range of stakeholders in relation to delivery of DfE's Energy Strategy, NI Climate Change Act and Carbon Budgets providing clear objectives and targets.

**REGULATORY AND COMPLIANCE RISK**

**Compliance (Laws, Regs, Licence, Internal Policies):**

Failure to:

- Comply with all applicable laws and regulations
- Adhere to internal policies and control and governance standards and frameworks; and
- Operate within the conditions set by our licences and commitment to public accountability.

NIE Networks has a dedicated Compliance Manager to monitor compliance with all regulatory licence obligations and to report to the UR on regulatory matters. We have regular engagement with relevant external stakeholders, including regulatory authorities, to manage compliance risk.

Our Code of Ethics and our Values, together with our Policy on Anti-Bribery, Corruption and Fraud and Related Unlawful Activities, describe the type of behaviours that are acceptable and those that are not. Confidential reporting mechanisms and investigation procedures are in place within the Organisation. There is an ongoing programme of education for key staff on regulatory and compliance requirements and policies are in place around key areas of potential non-compliance.

**Emerging risks**

The Risk Management Framework enables NIE Networks to identify, analyse and manage emerging risks to help identify exposures as early as possible. This is managed as part of the same process to identify principal risks and is reviewed and monitored in conjunction with principal risks.

On behalf of the Board

**Derek Hynes**  
Managing Director

Northern Ireland Electricity Networks Limited  
Registered Office:  
120 Malone Road  
Belfast BT9 5HT  
Registered Number: NI026041  
Date: 24 March 2026

## Board of Directors



### Sir David Sterling, KCB

was appointed as an independent non-executive director in September 2023 and Chair in March 2024. His other current non-executive roles include Catalyst (formerly known as Northern Ireland Science Park) and chairing the Board of the Chief Executives' Forum and of the Northern Ireland Screen Commission. He is a Board member of Ulster Wildlife Trust, the Centre for Cross-Border Studies and Inspire & Wellbeing and a Governor of the Irish Times Trust. He is an honorary member of the Chartered Institute of Public Finance and Accountancy. He is the former Head of the Northern Ireland Civil Service (NICS) and previously served in a variety of other senior roles for the NICS. In 2020, he was awarded Knight Commander of the Order of the Bath for services to Government in Northern Ireland and in 2024, he was awarded an Honorary Doctorate of Law from Queen's University, Belfast for distinction in public service. In May 2025 he was enrolled as a Member of the Royal Irish Academy.



### Keith Jess

was appointed as an independent non-executive director in September 2019 and as Chair of the Audit & Risk Committee in March 2020. He is a member of the Senate and Chairs the Audit & Risk Committee of Queen's University Belfast. He is also the Chair of The Progressive Building Society. His executive career was primarily at Ernst & Young (EY) (and its predecessor entities) based in its Belfast office, where he was Audit Partner from 1990 to 2017. He was Engagement Partner for EY on the audit of a number of companies within the energy sector in Northern Ireland and a range of other large industrial and commercial clients. He is a Fellow of the Institute of Chartered Accountants in Ireland.



### Alan Bryce

was appointed as an independent non-executive director in January 2018. He is also non-executive director of Northumbrian Water Ltd. He has extensive relevant experience and knowledge of the energy sector as he formerly held senior executive positions at Scottish Power including as UK Planning and Strategy Director, Managing Director of Generation and Managing Director of Energy Networks. He was previously a non-executive director of Jersey Electricity plc, Scottish Water, Infinis Energy plc and at Iberdrola USA. He is a Fellow of the Institution of Engineering and Technology.



### Janet McCollum, CBE

was appointed as an independent non-executive director in July 2024. She is a non-executive director of W&R Barnett Limited and Tirlán Limited and she serves as a trustee of The Royal Countryside Fund. Janet is the former Chief Executive Officer of Moy Park and previously held other senior management positions in Moy Park. She is a Fellow of the Chartered Institute of Management Accountants and was awarded an Honorary Doctorate in Economics from Queen's University, Belfast in 2016 for services to business and commerce. In 2018, she was awarded a CBE for services to economic development in Northern Ireland.



### Derek Hynes Managing Director

was appointed to the Board on 1 September 2022. He is a director of Energy Networks Association Ltd and EDSO (European Distribution System Operators) and a non-executive director of SIRO DAC. He joined ESB in 2000 where he held a number of senior management positions, mostly within ESB Networks DAC, the independent ring-fenced subsidiary within ESB Group, including as Head of Project Delivery and Network Operations Manager. He was also Residential Ireland Manager of Electric Ireland, a retail business within ESB. He is a chartered engineer with post graduate qualifications in Operations Management and Corporate Governance, and he has completed the Advanced Management Programme at Harvard University. In 2023, he was appointed to the Advisory Board of the Centre for Democracy and Peace Building Fellowship Programme.



### Gordon Parkes Executive Director - People & Culture

has worked for NIE Networks for 24 years and was appointed to the Board in May 2019. He has over 40 years' experience in Human Resources across several organisations and sectors. He is a Member of the Board of Trustees of the Grand Opera House Trust and of the Royal Belfast Academical Institution. He is currently Chair of the Green Skills Delivery Steering Group and a member of the Northern Ireland Skills Council established by the Department for the Economy. Since 2013 he has been a Chartered Fellow of the Chartered Institute of Personnel and Development (CIPD) and, in 2019, was awarded Chartered Companion status by the CIPD Board. He holds a Master's in Business Administration, is a member of the Institute of Directors and holds a Diploma in Company Direction (DiploD). In 2023, he was appointed to the Advisory Board of the Centre for Democracy and Peace Building Fellowship Programme.

## Board Changes during 2026

The following changes occurred during 2026:

Gordon Parkes resigned as Executive Director, People & Culture with effect from 1 March 2026.

Edel Creery was appointed Executive Director, Customer & Operations with effect from 1 March 2026.

## Group Directors' Report

The directors present their report and audited consolidated financial statements for Northern Ireland Electricity Networks Limited (NIE Networks or the Company) and its subsidiary undertakings (together, the Group) for the year ended 31 December 2025.

### Results and Dividends

NIE Networks revenue and its allowed return on capital investment (profits) are regulated by the UR. The results for the year ended 31 December 2025 show a profit after tax of £72.1m (2024 – £134.4m). During the year the Group paid a dividend of £27.2m (2024 – £53.6m). NIE Networks reinvests profits into the electricity network with underlying capital expenditure including intangibles assets of £284.1m (2024 – £245.9m) which is up £38.2m or 16%. This investment has increased the capacity and the resilience of the NI electricity system and ensured that the amount of time customers were without supply (CML) was at comparatively low levels relative to other countries. The business and financial review, together with future business developments, are provided in the Group Strategic Report and included in this report by cross reference. No additional dividends are proposed up to the date of signing of the financial statements.

### Events after the balance sheet date

On 27 January 2026, NIE Networks priced a £600m, 5.875% coupon, 15.5-year bond with settlement date 3 February 2026 under its EMTN programme. This is a non-adjusting post-balance-sheet event and does not affect the amounts recognised at 31 December 2025.

## Corporate Governance

### The Board's Governance Report

NIE Networks' regulatory licences require it to establish, and at all times maintain, managerial and operational independence within ESB Group. The NIE Networks Compliance Plan, approved by the UR, sets out how this independence is achieved. NIE Networks is an independent Group within the ESB Group of companies with its own Board of directors, management and employees.

In January 2019, NIE Networks adopted the Corporate Governance Principles for Large Private Companies issued by the Financial Reporting Council (FRC) in December 2018 (or 'The Wates Principles'). These principles have been applied throughout the year ended 31 December 2025 and further detail can be found as follows:

	Read More	Pages
<b>1. Purpose and Leadership</b>		
<b>Purpose, values and leadership</b>		
An effective board develops and promotes the purpose of a Group and ensures that its values, strategy, and culture align with that purpose.	Purpose, vision and values Strategy Stakeholder Engagement Corporate governance overview	12 – 13 12 – 13 29 – 32 42 – 47
<b>2. Board composition</b>		
<b>Chair, balance and diversity, size and structure and effectiveness</b>		
Effective board composition requires an effective chair and a balance of skills, backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Group.	Corporate governance overview	42 – 47
<b>3. Director responsibilities</b>		
<b>Accountability, committees, integrity of information</b>		
The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.	Stakeholder engagement Corporate governance overview	29 – 32 42 – 47
<b>4. Opportunity and Risk</b>		
<b>Opportunity, risk and responsibilities</b>		
A board should promote the long-term sustainable success of the Group by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.	Strategy Stakeholder Engagement Financial Review Responsible Business Review Risk Management Corporate governance overview	12 – 13 29 – 32 14 – 16 21 – 28 34 – 37 42 – 47
<b>5. Remuneration</b>		
<b>Setting remuneration and policies</b>		
A board should promote executive remuneration structures aligned to long-term sustainable success of the Group, taking into account pay and conditions elsewhere in the Group.	Corporate governance overview	42 – 47
<b>6. Stakeholder, relationships and engagements</b>		
<b>External impacts, stakeholders, workforce</b>		
Directors should foster effective stakeholder relationships aligned to the Group's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	Stakeholder engagement Corporate governance overview	29 – 32 42 – 47

**Corporate Governance Overview**

The Board is responsible to the shareholder for the performance of the Group in both the short and the longer term and seeks to balance competing objectives in the best interests of the Group, with the aim of enhancing shareholder value. As part of this responsibility, the Board oversees the Company's strategy, and it approved a new strategy during 2025.

**Governance framework**

The Board is collectively responsible for the oversight of the management of the Group and acts in the Group's best interests. The Board has established the Audit & Risk Committee (A&RC) as a formally constituted committee of the Board with its own terms of reference which detail the Committee's specific responsibilities relating to the financial reporting process and internal control and risk management systems. The A&RC reports to the Board after each meeting on matters considered so that the Board has knowledge of these matters and makes recommendations for approval.

During 2025, the Board met five times with one additional meeting held to focus on longer-term strategic issues. Further

meetings on specific matters are held as required. During 2025, the A&RC also met five times and an overview the key business matters considered during the year is provided on pages 46 – 47.

In addition to the A&RC, the Executive Committee is a formally constituted committee of the Board. The Executive Committee is chaired by the Managing Director (MD) with day-to-day responsibility for the management and operation of the business. The Board has delegated authority to management for decisions in the normal course of business subject to specified limits. The delegated authority to the Executive Committee of the Board empowers the Executive Committee to undertake much of the day-to-day business and management and operation of NIE Networks with updated terms of reference for the Executive Committee approved by the Board each year. The Executive Committee meets formally eleven times per year and on other occasions as necessary, reporting to each Board meeting on its activities.

Current membership of the Board, the A&RC and the Executive Committee is as follows:



**Purpose and Leadership**

Good governance underpins long-term value creation and is a core focus for the Board. The Board is responsible for the Group's success, providing leadership, direction and support while challenging management to achieve the best outcomes for NIE Networks and its stakeholders.

In 2020, the Board approved NIE Networks' Vision of "Delivering a Sustainable Energy System for All", and as discussed within the Group Strategic Report (pages 10 – 11), during 2025 the Board approved a revised Strategy, which details redefined Values to align with the Group's Vision and strategic objectives; meeting NI energy needs, Developing a sustainable network, and Growing the business.

The Board ensures that a strong management team is in place to execute the strategy and drive business performance, and to maintain a framework of prudent and effective controls to mitigate risk, with annual reviews of succession management and leadership development plans undertaken for senior management and other key roles.

In line with NIE Networks' Vision, the Board considers long-term developments for the energy system, principally the need to decarbonise before 2050. The Board has been considering and planning for these long-term developments with the Group, providing challenge and guidance to management. Specifically, during 2025, the Board provided oversight and challenge in respect of the need to promote electrification, a key assumption underpinning the RP7 Business Plan to help deliver a clean, sustainable energy system in NI.

NIE Networks' Code of Ethics sets out the approach to responsible and ethical business behaviour. The Board's A&RC is advised of any serious concerns raised by employees via the speaking up / whistleblowing arrangements in place, as and when concerns arise and of the outcome of related investigations. Contracting partners, external consultants and other third parties acting on behalf of NIE Networks, are also expected to conduct themselves in accordance with the principles of the Code of Ethics and the Board's A&RC has ensured that guidance is in place for this purpose.

Culture is shaped by values, attitudes and the behaviours of those who work for, and with, the Group in its operation and relationship with stakeholders. Information about the Board's consideration of cultural issues, including employee engagement, can be found on pages 22 – 24 of the Group Strategic Report.

There are well embedded arrangements for engagement with employees on NIE Networks' purpose, strategy and expected behaviours underpinned by the Group's values and culture. These engagements include weekly emails, monthly briefings, video messages from the Managing Director, meetings of the Employee Engagement Board and local meetings, effective engagement with trade unions, as well as a comprehensive messaging handbook available to all employees. Non-executive

directors (NEDs) also attended engagement sessions with employees during the year.

**Board Composition**

The NIE Networks Board comprises a majority of independent NEDs, currently four independent NEDs and two executive directors. Sir David Sterling chairs the Board with Alan Bryce, Keith Jess and Janet McCollum, CBE. Derek Hynes, Managing Director and Gordon Parkes, Executive Director, People and Culture were executive directors throughout 2025.

Biographies for each director who were members of the Board during the year, are available on pages 38 – 39. The Board is confident that all its members have the knowledge, ability, experience and commitment to perform their required functions.

The Board has agreed a statement of the division of responsibilities between the Chair and the Managing Director to ensure that the balance of responsibilities, accountabilities and decision making is effectively maintained.

Appointments to the Board are reserved to NIE Networks' ultimate parent undertaking, ESB, for approval. This is in accordance with the NIE Networks Compliance Plan. The Chair and the Managing Director engage with ESB regarding the key skills and experience required on the Board. NEDs are appointed by NIE Networks under contracts for services setting out the expected time commitment, duties and fees. An induction programme is in place to familiarise new NEDs with NIE Networks, tailored appropriately for individual needs.

The Board conducts an annual evaluation of its own performance, and that of the Audit & Risk Committee, in order to identify ways to improve effectiveness. The evaluation focuses on the Board's and A&RC's collective performance rather than the individual performance of directors. During 2025, an external performance review was completed by Board Excellence who were impressed by the skills of the Board and the commitment to governance excellence, underpinned by proper processes, strategy oversight, and a culture of collaboration and accountability.

Board Excellence concluded that the Board is a high-performing, experienced, and hard-working board which fulfils its performance and governance roles in a highly professional manner.

**Director Responsibilities**

The directors are fully aware of their duties under the Companies Act 2006, including those as set out in Section 172 of the same.

The Chairman is responsible for: leading and managing the Board, its effectiveness and governance; ensuring Board members are aware of and understand the views of key stakeholders; helping set the tone from the top in terms of the purpose, vision and values for the whole organisation; and creating the conditions for overall Board effectiveness.



The Chairman also ensures that adequate time is available for Board discussion and to enable informed decision-making.

The Board and individual Directors have a clear understanding of their accountability and responsibilities, and policies and procedures support effective decision-making and independent challenge. The Board has determined those decisions that require approval by the Board and the delegation of authority for those decisions that do not.

Directors are required to comply with the requirements of NIE Networks' Code of Ethics and the Board Conflicts of Interest Policy. Directors disclose annually any potential or actual conflicts of interest and are responsible for notifying the Company Secretary & Corporate Services Director on an ongoing basis should they become aware of any change in their circumstances regarding conflicts of interest.

NEDs, in the furtherance of their duties, may take independent professional advice at the expense of NIE Networks. All Board members have access to the advice and services of the Company Secretary & Corporate Services Director.

The corporate relationship between NIE Networks and its ultimate parent, ESB, is set out formally, and specifies the standards of governance, internal control and risk management arrangements which NIE Networks must have in place, reporting arrangements to ESB, the responsibilities of the NIE Networks Board and Managing Director and the annual business planning process to meet group requirements. The arrangements are consistent and compliant with NIE Networks' regulatory conditions and the Compliance Plan with respect to NIE Networks' independence within the ESB Group.

## Opportunity and Risk

### Opportunity

To ensure the sustainable success of NIE Networks, the Group continues to seek regulatory allowances or incentive arrangements as appropriate, for innovative developments to improve performance and to enable the long-term development of the network for future customers.

During 2025, the Group continued to develop the roadmap for long-term transition to a distribution system operator (DSO) as outlined in its Networks for Net Zero Report published in 2021 and included within the RP7 Business Plan submission to the UR. Against the backdrop of the NI Climate Change Act, making a legal commitment to net zero carbon emissions by 2050 and committing to 80% of electricity consumption coming from renewable sources by 2030, the Group believes its transformational RP7 plan will deliver for customers now and in the future.

### Risk

The Board oversees risk management and internal control, ensuring that risk appetite and exposure remains proportionate to the pursuit of its strategic objectives and longer-term

stakeholder value. The Board delegates responsibility for oversight of risk to the A&RC which retains overall responsibility for ensuring that enterprise risks are properly identified, assessed, reported and controlled on behalf of the Board in its consideration of overall risk appetite, risk tolerance and risk management strategy. The process of considering the Group's risk appetite in pursuit of its strategic objectives, its exposure to risk and the changes to key risks has assisted the Board in its review of strategy and the operational challenges faced by the Group.

The Board approved the Risk Management Policy to support risk oversight. The Committee of Sponsoring Organisations Framework guides NIE Networks in the management of uncertainty. NIE Networks' risk management framework ensures consistent risk identification, evaluation, and management across the Group, with clear policies, processes and procedures to ensure a consistent approach to risk identification, evaluation and management and includes appropriate structures to support risk management and the formal assignment of risk responsibilities to facilitate managing and reporting on individual risks. Each business unit maintains its own risk register.

The Risk Management framework outlines roles and responsibilities and arrangements for effective risk management. The Risk Management Committee (RMC), chaired by the Chief Risk Officer and comprising a wide range of senior managers, oversees and directs risk management in accordance with the approved policy. The RMC considers the status of principal and emerging risks and mitigation strategies biannually and reports on its activities to the Executive Committee, A&RC and the Board throughout the year.

During the year, the A&RC received updates on the Group's Governance, Risk and Compliance work plan which included key activities in support of the development of the Risk Management Framework and increased focus on risk and compliance across the business in line with the approved risk appetite. The A&RC received updates on improvements made to processes, the development of revised risk registers for use by the business and work to redesign the Risk Appetite Statement.

The A&RC regularly reviews management's assessment of the principal risks and mitigating actions, and emerging risks and considers presentations on mitigating specific risks. During 2025, the Committee received updates on the increasing financial risk trend from increasing capital intensity and management of cost challenges in the delivery of the Company's strategy within regulatory allowances. Principal risks are set out in pages 34 – 37 in the Group Strategic Report. At least annually, the Board considers and agrees risk tolerances for key business activities.

The Internal Audit function reports to the Audit & Risk Committee, independent of management, and provides independent assurance to the Committee on the adequacy and effectiveness of NIE Networks' system of governance, risk management and control.

#### Remuneration

It is recognised that an effective remuneration policy aligned to business needs underpins high performance.

The Board has oversight of the Group Agreements entered into with Trade Unions which determine the remuneration of approximately 73% of employees not on personal employment contracts.

The Board has responsibility for remuneration policies applicable to the Executive Committee, Senior Management and employees on personal contracts (c.27% of employees). These policies are reviewed and approved annually and ensure that remuneration is aligned to market rates with differentiation based on performance, competence, responsibilities and adherence to the Group's values and behaviours.

The policies provide market-based remuneration verified by independent specialists and set out arrangements for salary, performance-related bonuses, pensions, private health insurance, death in service benefits, ill-health retirement benefits, and non-cash benefits. A separate benchmarking policy detailing the process is also subject to Board approval and was last approved by the Board in 2025.

Salaries for employees on personal contracts, including the Executive Committee and Senior Management, are reviewed annually for cost of living increases, with increases dependent on the achievement of performance targets. The remuneration package includes potential annual performance-related bonuses based on individual, team, and Group-wide targets aligned with customer and stakeholder needs.

NEDs receive fees under their contracts for services. They do not receive pensions or any other remuneration.

#### Stakeholder Relations and Engagement

NIE Networks provides a service to every home and business in NI, and the Group's activities have a significant impact on many stakeholders, both current and future customers, and members of the public in relation to safety and to the environment.

The Board receives updates from the Managing Director at each Board meeting on key stakeholder engagement activity and is also updated on the implementation of strategy.

Further details on engagement with key stakeholders are provided on pages 29 – 32 of Group Strategic Report.

Details of employee engagement processes are provided on pages 24 – 25 of the Group Strategic Report.

#### Audit & Risk Committee

As discussed previously, the A&RC is a formally constituted committee of the Board with responsibility for overseeing the Group's financial reporting process and internal control and risk management systems.

The A&RC comprises the independent NEDs, chaired by Keith Jess. The Board is satisfied that at least one member of the Committee is competent in accounting and auditing. The Committee had five meetings during 2025.

The terms of reference set out the duties of the Audit & Risk Committee. The most significant issues considered by the Committee during 2025, and up to the date of this report, are outlined below:

#### Financial Reporting

- reviewed the annual, interim and regulatory financial statements for NIE Networks and annual financial statements for NIE Finance PLC, considering the appropriateness of accounting policies, whether the financial statements give a true and fair view, the appropriateness of the going concern assumption and reviewed the significant issues and judgements; and
- reviewed various regulatory submissions.

#### Internal Controls and Risk Management

- considered and approved the RMC's work programme for 2025 and received regular updates on progress;
- considered the Group's principal risks, related mitigating actions, and alignment to an updated risk appetite statement;
- considered cyber security updates, mitigations and the programme to address these increased risks;
- reviewed the Group's statements for publication on the prevention of slavery and human trafficking;
- reviewed the operation of the Group's key ethics policies including the adequacy of the arrangements in place for employees to raise concerns about possible wrongdoing; and
- reviewed and monitored the effectiveness of internal controls and the risk management framework.

#### Internal Audit

- considered and approved Grant Thornton's internal audit plan for 2025;
- monitored progress throughout the year against this plan;
- considered an assessment of the effectiveness of the internal audit function concluding that the internal audit function was effective;
- considered the internal auditors annual assurance

opinion on the adequacy and effectiveness of NIE Networks' governance, risk management and controls during 2025;

- reviewed reports detailing the results of internal audits and the timeliness of the implementation of actions; and
- approved the 2026 internal audit plan.

The Committee took the opportunity to discuss areas of the audit with Grant Thornton, the internal audit service provider, without the presence of management during the year.

#### External Audit

- reviewed reports from the external auditor on the audit of the 2024 statutory financial statements and March 2025 regulatory financial statements and comments on accounting, financial control and other audit issues;
- reviewed the proposed external audit plan for the 2025 statutory financial statements to ensure that the external auditor had identified key audit risks and developed robust audit procedures;
- considered an assessment of the effectiveness of the external audit function concluding that the external audit function was effective;
- considered the external auditor's adherence to independence requirements; and
- reviewed policies on the supply of non-audit services by the external auditor and employment of former employees of the external auditor.

The Committee took the opportunity to discuss any areas of the audit with the external auditor without the presence of management during the year.

During the year the effectiveness of the A&RC was reviewed as part of the Board's external performance review completed by Board Excellence.

#### Internal Control Framework

The Board is responsible for the Group's internal control framework. The framework manages, rather than eliminates, the risk of failure to achieve business objectives and is designed to provide reasonable assurance as to effectiveness of operations and safeguarding of the company's assets against loss, the reliability of reporting for internal and external use and compliance with laws and regulations. Strong financial and business controls are necessary to maintain proper control over the income, expenditure, assets and liabilities of the Group and to ensure the integrity and reliability of financial information on which the Group relies for day-to-day operations, external reporting and for longer term planning.

The Group's internal control framework includes:

- an internal control framework policy, which provides an overview of the approach to designing, implementing and monitoring the system of controls;
- risk analysis, financial control review and formal annual governance compliance statements;
- comprehensive business planning and budgeting processes with an annual budget approved by the Board;
- a continuous forecasting and monitoring process to manage financial risk;
- an integrated accounting system with a comprehensive system of management and financial reporting. A monthly Key Performance Indicator and financial report is prepared which includes analysis of results along with comparisons to targets/ budget, forecasts and prior year results. These are reviewed by the Executive Committee and the Board members on a monthly basis;
- a financial control framework reviewed in accordance with statutory and regulatory obligations;
- a comprehensive set of policies and procedures relating to financial and operational controls including health, safety and wellbeing, regulation, HR, asset management, risk management and capital expenditure;
- a clearly defined organisational structure with defined authority limits and reporting mechanisms;
- senior managers formally evaluating the satisfactory and effective operation of financial and operational controls;
- internal auditors testing management's implementation of their recommendations following audit reviews;
- a code of ethics that requires all Board members and employees to maintain the highest ethical standards in conducting business; and,
- a confidential helpline service to provide staff with a confidential, and if required, anonymous means to report fraud or ethical concerns.

The Board, supported by the Audit & Risk Committee, has reviewed the effectiveness of the system of internal control. It concluded that, during 2025, the overall governance, risk management and internal control framework was adequate to provide reasonable assurance of sound internal control and that NIE Networks maintained a satisfactory system of internal control which would prevent or detect against material misstatement or loss.

## Streamlined Energy and Carbon Reporting (SECR) statement

This statement is made in compliance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SECR Regulations) which introduced energy and carbon reporting requirements for large unquoted companies. NIE Networks is a large unquoted Group according to the SECR Regulations.

This SECR Compliance report is prepared for the period from 1 January 2025 to 31 December 2025, NIE Networks' sixth reporting year under the SECR scheme.

### Methodology used in calculating energy and carbon reporting data

The methodology chosen for calculating Greenhouse Gas (GHG) emissions is the GHG Protocol Corporate Standard (the GHG Protocol). The GHG Protocol is a multi-stakeholder partnership of businesses, non-government organisations, and governments, led by the World Resources Institute and the World Business Council for Sustainable Development. It serves as the premier source of knowledge on corporate GHG accounting and reporting and draws on the expertise and contributions of individuals and organisations from around the world. It is internationally accepted as best practice.

In line with the GHG Protocol, NIE Networks has adopted the operational control approach and therefore accounts for all of the emissions from operations over which it has operational control. All of NIE Networks' operations take place within NI which during 2025 included 3 main depots, 3 offices, 5 Local Incident Centres, 3 stores and 1 workshop.

Defining the operational boundary involves the identification of emissions associated with energy consumption, categorising them as direct and indirect emissions, and choosing the scope of accounting and reporting for them. The following NIE Networks activities and associated GHG emissions have been included in this SECR report:

UK energy use:

- **Scope 1 mandatory emissions:** combustion of natural gas in boilers, combustion of LPG for operational purposes, combustion of fuel for the purposes of transport.
- **Scope 1 voluntary emissions:** combustion of petrol for plant and equipment, combustion of gas oil for operational purposes, combustion of heating oil, and fugitive emissions from air conditioning.
- **Scope 2 mandatory emissions:** purchase of electricity by NIE Networks for its own use, including for the purposes of transport.
- **Scope 3 mandatory emissions:** grey fleet mileage including for electric vehicles and hire car mileage.
- **Scope 3 voluntary emissions:** business air travel and business taxi mileage.

NIE Networks' Environmental Management System is certified to ISO14001. Its carbon targets, performance and trends are tracked on a monthly basis and presented to an internal Environmental Management Committee, chaired by the Sustainability and Environment Manager and sponsored by the Network Assets & Investment Director, for governance purposes.

Routine internal quality audits are undertaken on the source data and scorecards to ensure compliance. A limited level assurance review has also been carried out a third party.

### Energy and Carbon Data

Energy consumption data and associated scope 1, 2 and 3 emissions were collated for NIE Networks' operations in line with the methodologies outlined above. The table below provides details of NIE Networks' energy consumption in kWh and the quantity of emissions using tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

While the inclusion of petrol used in equipment (Scope 1), gas oil (Scope 1), heating oil (Scope 1), air travel (Scope 3), taxi hire for business purposes (Scope 3) and fugitive emissions from air conditioning (Scope 1) is not mandatory under SECR requirements, NIE Networks has voluntarily included the information in this report:

Scope and Categories	2025		2024	
	2025 Energy Data (kWh)	2025 GHG Emission (Tonnes of CO <sub>2</sub> e)	2024 Energy Data (kWh)	2024 GHG Emission (Tonnes of CO <sub>2</sub> e)
<b>Scope 1</b>				
Combustion of Natural Gas	221,547	41	265,522	49
Combustion of Liquefied Petroleum Gas (LPG)	55,916	12	55,276	12
Combustion of Diesel for transport purposes	14,486,436	4,034	15,493,708	3,704
Voluntary Disclosures <sup>1</sup>	-	92	-	82
<i>Scope 1 Total (mandatory)</i>	<b>14,763,899</b>	<b>4,087</b>	<b>15,814,506</b>	<b>3,765</b>
<i>Scope 1 Total (incl. voluntary disclosures)</i>	<b>14,763,899</b>	<b>4,179</b>	<b>15,814,506</b>	<b>3,847</b>
<b>Scope 2</b>				
Purchase of grid electricity	2,974,098	660	2,882,587	640 <sup>2</sup>
Electricity for Transport	15,798	4	19,511	4
<i>Scope 2 Total</i>	<b>2,989,896</b>	<b>664</b>	<b>2,902,098</b>	<b>644</b>
<b>Scope 3</b>				
Grey Fleet Mileage (mandatory)	3,417,471	860	3,127,157	755
Grey Fleet Mileage – Electric Vehicles (mandatory)	35,813	7	18,821	4
Hire Car Mileage	-	-	-	-
Business Air Travel (incl. radiative forces) (voluntary)	-	54	-	64
Business Taxi Mileage (voluntary)	-	0.05	-	-
<i>Scope 3 Total (mandatory)</i>	<b>3,453,284</b>	<b>867</b>	<b>3,145,978</b>	<b>759</b>
<i>Scope 3 Total (incl. voluntary disclosures)</i>	<b>3,453,284</b>	<b>921</b>	<b>3,145,978</b>	<b>823</b>
<b>Total (mandatory)</b>	<b>21,207,079</b>	<b>5,618</b>	<b>21,862,582</b>	<b>4,528</b>
<b>Total (incl. voluntary disclosures)</b>	<b>21,207,079</b>	<b>5,764</b>	<b>21,862,582</b>	<b>4,674</b>

<sup>1</sup> Includes emissions from combustion of petrol for plant and equipment, combustion of gas oil for operational purposes, combustion of heating oil and fugitive emissions from air conditioning top-ups.

<sup>2</sup> Emissions from Electricity figure for 2024 updated based on updated Department of Agriculture, Environment and Rural Affairs (DAERA) emissions factor for electricity. Total for mandatory emissions and Total for voluntary disclosures for 2024 also updated to reflect this change. The intensity factor has also been updated to reflect this change.

### Intensity Ratio

SECR regulations require a statement of relevant intensity ratios which are an expression of the quantity of emissions in relation to a quantifiable factor of the business activity. NIE Networks' chosen intensity measurement is (tCO<sub>2</sub>e) per employee. The intensity ratio for 2025 was 3.3739 tCO<sub>2</sub>e (2024: 3.2766 tCO<sub>2</sub>e).

Only mandatory emissions are relevant in the calculation of the intensity ratio.

### Measures for increasing the Group's efficiency during the year

NIE Networks operates an aged office building stock but has made concerted efforts to reduce energy consumption over the last number of years.

Following several energy performance improvement initiatives across the office building portfolio, there has been a 11% reduction overall in electricity consumption over the last six years. In 2025, there has been a 3.2% increase in office electricity consumption and a 16.6% decrease in gas consumption when compared with 2024. This increase relates to the expansion of the workforce and increased office occupation in 2025, largely based in the Belfast headquarters. Furthermore, there has been an increase in electricity usage at the Craigavon depot site associated with the ongoing construction of the new building.

The reduction in gas consumption is due to previous building refurbishment carried out at the Dargan depot to improve energy efficiency, along with energy reduction measures at our Craigavon stores.

NIE Networks is also currently finalising plans for a multi-million-pound project to build a Nearly Zero Energy Buildings (NZEB) building on its existing site in Craigavon. In addition, the Group is planning to add solar panels to all suitable sites. There are several upcoming office building refurbishments and replacement projects that will contribute to our carbon reduction targets in future years.

After a long-term initiative to reduce fuel usage of NIE Networks' fleet vehicles, NIE Networks continues to strive to maintain this usage at the lowest possible level whilst meeting the operational needs of the business. The Group is currently going through a growth phase to accommodate the additional workload required to facilitate the decarbonisation of the electricity network for NI. As such NIE Networks is mobilising additional staff and fleet vehicles. Over the course of the year, the NIE Networks fleet increased in size by 18 vehicles. There are currently 25 electric vehicle vans on the fleet, which will contribute to the future reduction in carbon emissions in this area. A vehicle tracking system, introduced in 2020, provides information to help inform sustainable driving. The data from this vehicle tracking system is used to identify the vehicles suitable for transition to an electric equivalent as part of the overall

transition plan. As part of the roll out of fleet EVs, during 2025 the Group continued the installation of vehicle charge points at depots. The net impact of these changes saw a decrease in fuel consumption by fleet vehicles of approximately 6.5% during the year.

During 2025, NIE Networks implemented the following energy efficiency measures:

- Delivered the first year of the PPP Plan for 2025 – 2031, consolidating all critical sustainability pillars – Climate Change, Resource Management, Biodiversity, People, and Governance.
- Submitted ESOS Progress Update 1, demonstrating energy saving opportunities for the business outlined in the ESOS Action Plan.
- Continued with green electricity tariff contract for all our offices and depots.
- Rolled out HVO biofuel to all suitable vehicles >7 tonnes.
- Introduced new battery-operated tools and equipment to replace petrol equivalents.
- Installed percussion taps in our Ballymena depot.
- Continued to implement an Agile Home Working Policy which upholds home working arrangements for staff in suitable roles, and contributes to lower carbon emissions by reducing commuting; and
- Continued to develop Scope 3 GHG emission inventory.

### Directors' Insurance

Insurance in respect of directors' and officers' liability is maintained by the Group's ultimate parent, ESB. This insurance was in place throughout the year and at the date of approval of these financial statements.

### Disclosure of Information to the Independent Auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Appointment of Independent Auditor

In accordance with Section 487 of the Companies Act 2006, Deloitte (NI) Limited will be deemed to be reappointed as external auditors of the Group.

### Modern Slavery Act

Modern slavery is a criminal offence under the Modern Slavery Act 2015. The Act imposes obligations on organisations of a certain size. Modern Slavery can occur in various forms, including servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. NIE Networks has adopted a Policy on Modern Slavery with the aim of preventing opportunities for modern slavery occurring within its business and supply chains. In accordance with the requirements of the Act, NIE Networks publishes a statement on its website on slavery and human trafficking at <https://www.nienetworks.co.uk/site-pages/modern-slavery>.

### Political Donations

No donations for political purposes have been made during the year (2024 – £nil).

### Group Strategic Report

The following information required in the Group Directors' Report has been included in the Group Strategic Report and is included in this report by cross reference:

- an indication of future developments in the business (see pages 12 – 13);
- the Group's objectives and policies for financial risk

management (including liquidity risk and credit risk) (see pages 14 – 16);

- a statement on the policy for disabled employees (see pages 24 – 25);
- arrangements for employees to participate in the affairs of the Group (see pages 24 – 25);
- how the directors have engaged with employees, how they have had regard to employee interests and the effect of that regard, including on the principal decisions taken by the Group (see pages 24 – 25 and pages 29 – 32); and
- how the directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others and the effect of that regard, including on the principal decisions taken by the Group (see pages 30 – 31 and pages 46 – 47)



### Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with UK adopted international accounting standards. The directors have chosen to prepare the parent Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 of the profit or loss of the Group for that period.

In preparing the parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

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

On behalf of the Board

**Derek Hynes**  
Managing Director

Northern Ireland Electricity Networks Limited  
Registered Office:  
120 Malone Road  
Belfast BT9 5HT  
Registered Number: NI026041  
Date: 24 March 2026



# Independent Auditor's Report

to the members of Northern Ireland Electricity  
Networks Limited



# Independent Auditor's Report

## to the members of Northern Ireland Electricity Networks Limited

### Report on the audit of the financial statements

#### 1. Opinion

In our opinion:

- the financial statements of Northern Ireland Electricity Networks Limited (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group and Company Balance Sheets;
- the Group and Company Statements of Changes in Equity;
- the Group Cash Flow Statement;
- the material accounting policy information; and
- the related notes 1 – 27.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

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

#### 3. Summary of our audit approach

##### Key Audit matters

The key audit matters that we identified in the current year were:

- Valuation of asset retirement obligation

Within this report, key audit matters are identified as follows:

-  Newly identified
-  Increased level of risk
-  Similar level of risk
-  Decreased level of risk

##### Materiality

The materiality that we used for the Group financial statements was £8,000,000 which represents approximately 3% of earnings before interest, tax, depreciation and amortisation ("EBITDA") (including amortisation of customer contributions).

The materiality for the Company that we used in the current year was £7,600,000 which was determined as 95% of Group materiality.

##### Scoping

We determined the scope of our audit by obtaining an understanding of the Group and Company and its operating environment, including the identification of key controls, and assessing the risks of material misstatement.

The group has a centralised financial management and reporting structure; therefore all of the audit work was performed by the Group audit team.

##### Significant changes in our approach

We adopted a different basis to determine materiality in the current year. In the prior year, materiality was determined using approximately 5% of 5-year average profit before tax (excluding exceptional items).

This year materiality was determined, on the basis of the Group's EBITDA (including amortisation of customer contributions), to be £8 million. This represents approximately 3% of EBITDA (including amortisation of customer contributions).

Given the Group's increasing investments in assets and to ensure greater alignment with the interests and focus of the financial statement users we consider EBITDA (including amortisation of customer contributions) to be an appropriate benchmark in the current year.

We refined and reassessed our risk assessment during the current year and as a result the prior year key audit matter, set out below, was deemed to no longer be a matter of most significance in the audit:

- Capitalisation of fixed assets (overheads)

There were no other significant changes to our approach in the current year.

#### 4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the going concern assessment prepared by the Group;
- Evaluating the financial forecast prepared by the Group, including challenging whether key assumptions used in the preparation of the forecast are reasonable;
- Evaluating managements and the directors' ability to forecast accurately based on assessment of the historical accuracy of forecasts; and
- Reviewing the adequacy of the disclosures included in the financial statements on going concern and, through our audit procedures, assessing whether they are appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### 5. Key audit matters

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters..

##### 5.1 Valuation of asset retirement obligation

<b>Key audit matter description</b>	<p>There is estimation required in determining the level of provision required for the disposal of creosote treated wooden poles. This includes estimating the disposal cost per pole, the period over which poles will be disposed of, and the use of an appropriate discount rate. The period over which poles are disposed of is estimated based on estimated useful economic life which could change significantly in the future as a result of operational plans, environmental legislation or pole condition.</p> <p>At 31 December 2025, the Group's provision for asset retirements was £19.8million (2024: £19.5million). The Group's accounting policy for the asset retirement obligation is disclosed in note 2 to the financial statements. The key sources of estimation uncertainty in relation to the asset retirement obligation are disclosed in note 2 to the financial statements and further disclosures are presented in note 22 to the financial statements.</p> <p>We determined that the valuation of the asset retirement obligation represents a higher risk and is no longer considered an area of significant risk. This is based on the comfort obtained from our work in the previous two audits in relation to the underlying assumptions and methodology, and that there has been no significant change year on year to the level of provision required.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<ul style="list-style-type: none"> <li>• We assessed and challenged the methodologies and key assumptions (including the disposal cost per pole, the period over which poles will be disposed of, and the use of an appropriate discount rate) used in determining the provision;</li> <li>• We assessed and challenged the assumptions made in respect of the timing of the pole disposals based on the ageing and useful economic lives;</li> <li>• We challenged the appropriateness of costs included within the provision calculation;</li> <li>• We challenged the appropriateness of the discount rates used by comparing against external benchmarks; and</li> <li>• We evaluated and assessed the adequacy of disclosures made in the financial statements.</li> </ul>
<b>Key observations</b>	<p>We have concluded that the assumptions and methodologies adopted by management to determine the valuation of the asset retirement obligation were reasonable.</p>

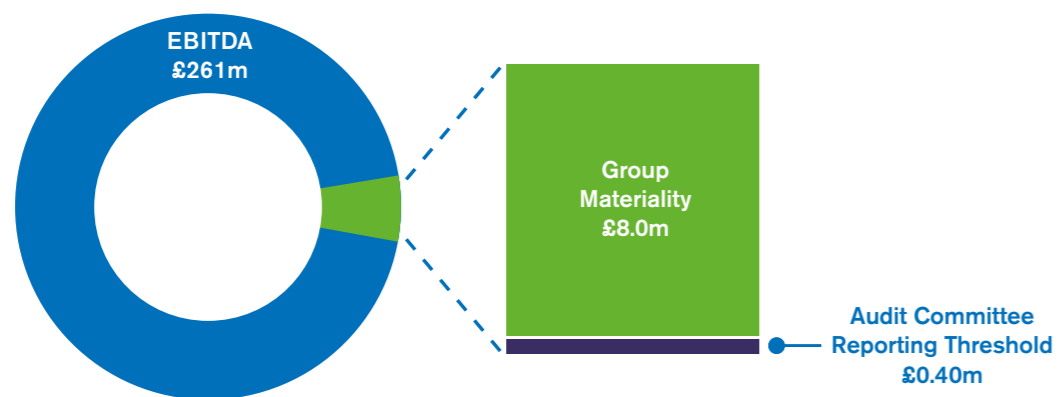
**6. Our application of materiality**

**6.1 Materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
<b>Materiality</b>	£8,000,000 (2024: £5,319,309)	£7,600,000 (2024: £5,053,344)
<b>Basis for determining materiality</b>	Approximately 3% of earnings before interest, tax, depreciation and amortisation (“EBITDA”) (including amortisation of customer contributions).	95% of Group materiality.
<b>Rationale for the benchmark applied</b>	<p>We have considered EBITDA to be the critical component for determining materiality because it is the most important measure for the primary users of the Group’s financial statements.</p> <p>In determining our benchmark, we have considered quantitative and qualitative factors such as our understanding of the nature of the Group and its environment, the focus of the users of the financial statements, and the industry and economic environment in which the Group operates.</p> <p>The change from prior year was based on reassessment of the focus of the users of the financial statements, primarily being the shareholder, with EBITDA being the main key performance indicator used by the ultimate parent.</p>	We considered it appropriate to restrict materiality for the Company financial statements given the size of the Company relative to the Group.



**6.2 Performance materiality**

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
<b>Performance materiality</b>	70% of Group materiality	70% of Company materiality
<b>Basis and rationale for determining performance materiality</b>	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> <li>• the quality of the control environment and whether we were able to rely on controls; and</li> <li>• The nature, volume and size of misstatements (both corrected and uncorrected) in the previous audit.</li> </ul>	

**6.3 Error reporting threshold**

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £400,000 (2024: £265,965), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation.

**7. An overview of the scope of our audit**

**7.1 Identification and scoping of components**

We determined the scope of our audit by obtaining an understanding of the Group and its operating environment, including the identification of key controls, and assessing the risks of material misstatement. As part of our procedures to develop our Audit Strategy, we attended a number of the Audit & Risk Committee meetings during the year as well as regularly meeting with management.

There were no component audit teams, with the entire audit including the testing of the consolidation being conducted by one central audit team.

There have been no significant changes to the scope of our audit compared to the prior year.

**7.2 Our consideration of climate-related risks**

As noted in the Group Strategic Report, the Group demonstrate its commitment to their Environmental, Social and Governance (ESG) strategy by reporting its net zero plan and adherence to globally recognised ESG frameworks including reporting on energy usage and carbon emissions in line with the mandatory Stream-lined Energy and Carbon Regulations (SECR).

As part of our audit, we have made inquiries of management to understand their process for considering the impact of climate related risks. In addition, we are required to read the Group’s disclosure of climate related information in the front half of the annual report, to consider whether they are materially inconsistent with the financial statements or knowledge obtained in the audit. We did not identify any material inconsistencies as a result of these procedures.

**8. Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**9. Responsibilities of directors**

As explained more fully in the Statement of Directors’ Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### 10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### 11. Extent to which 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

##### 11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations, pensions and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group and Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group and Company's ability to operate or to avoid a material penalty. These included the Company's Transmission Licence and Electricity Distribution Licence, and environmental regulations.

##### 11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit & Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## Report on other legal and regulatory requirements

#### 12. 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.

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

#### 13. Matters on which we are required to report by exception

##### 13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

#### 13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

#### 14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Grace Cartin

For and on behalf of Deloitte (NI) Ltd  
Chartered Accountants and Statutory Audit Firm  
The Ewart  
3 Bedford Square  
Belfast  
25 March 2026

# Financial Statements



## Group Income Statement

for the year ended 31 December 2025

	Note	2025 £m	2024 £m
Revenue	3	407.9	452.1
Operating costs	4	(257.4)	(225.1)
<b>OPERATING PROFIT</b>		<b>150.5</b>	<b>227.0</b>
Finance revenue	6	12.2	8.4
Finance costs	6	(70.3)	(57.9)
Net pension scheme interest	6	3.2	3.3
Net finance costs	6	(54.9)	(46.2)
<b>PROFIT BEFORE TAX</b>		<b>95.6</b>	<b>180.8</b>
Tax charge	7	(23.5)	(46.4)
<b>PROFIT FOR THE YEAR</b>		<b>72.1</b>	<b>134.4</b>

## Statement of Comprehensive Income

for the year ended 31 December 2025

### Group

	Note	2025 £m	2024 £m
<b>Profit for the financial year</b>		<b>72.1</b>	<b>134.4</b>
<b>Other comprehensive income:</b> Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on pension scheme assets and liabilities	13	(15.9)	(15.7)
Deferred tax credit relating to components of other comprehensive income	7	4.0	3.9
<b>Net other comprehensive loss for the year</b>		<b>(11.9)</b>	<b>(11.8)</b>
<b>Total comprehensive income for the year attributable to the equity holders of the parent company</b>		<b>60.2</b>	<b>122.6</b>

## Balance Sheets

as at 31 December 2025

	Note	Group		Company	
		2025 £m	2024 £m	2025 £m	2024 £m
<b>Non-current assets</b>					
Property, plant and equipment	9	2,511.2	2,337.6	2,512.0	2,338.4
Right of use assets	10	21.9	17.9	21.9	17.9
Intangible assets	11	30.7	28.3	30.6	28.3
Derivative financial assets	19	222.4	265.3	222.4	265.3
Investments	12	-	-	7.9	7.9
Pension asset	13	45.1	56.5	45.1	56.5
		<b>2,831.3</b>	<b>2,705.6</b>	<b>2,839.9</b>	<b>2,714.3</b>
<b>Current assets</b>					
Inventories	14	40.6	29.1	40.6	29.1
Trade and other receivables	15	83.8	82.0	83.8	82.0
Current tax asset		3.8	27.4	3.8	27.4
Derivative financial assets	19	23.4	1.3	23.4	1.3
Cash and cash equivalents	16	31.7	118.4	31.7	118.4
		<b>183.3</b>	<b>258.2</b>	<b>183.3</b>	<b>258.2</b>
<b>TOTAL ASSETS</b>		<b>3,014.6</b>	<b>2,963.8</b>	<b>3,023.2</b>	<b>2,972.5</b>
<b>Current liabilities</b>					
Trade and other payables	17	127.0	130.2	136.3	139.4
Lease liabilities	10	4.4	3.0	4.4	3.0
Deferred income	18	24.4	25.0	24.4	25.0
Financial liabilities:					
Derivative financial liabilities	19	23.4	1.3	23.4	1.3
Other financial liabilities	20	400.1	349.8	400.1	349.8
Provisions	22	2.1	2.1	2.1	2.1
		<b>581.4</b>	<b>511.4</b>	<b>590.7</b>	<b>520.6</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	7	204.8	180.8	204.8	180.8
Deferred income	18	596.2	581.3	596.2	581.3
Lease liabilities	10	19.2	16.1	19.2	16.1
Financial liabilities:					
Derivative financial liabilities	19	222.4	265.3	222.4	265.3
Other financial liabilities	20	694.4	746.3	694.4	746.3
Provisions	22	22.8	22.4	22.8	22.4
		<b>1,759.8</b>	<b>1,812.2</b>	<b>1,759.8</b>	<b>1,812.2</b>
<b>TOTAL LIABILITIES</b>		<b>2,341.3</b>	<b>2,323.6</b>	<b>2,350.5</b>	<b>2,332.8</b>
<b>NET ASSETS</b>		<b>673.2</b>	<b>640.2</b>	<b>672.7</b>	<b>639.7</b>
<b>Equity</b>					
Share capital	23	36.4	36.4	36.4	36.4
Share premium	23	24.4	24.4	24.4	24.4
Capital redemption reserve	23	6.1	6.1	6.1	6.1
Retained earnings	23	606.3	573.3	605.8	572.8
		<b>673.2</b>	<b>640.2</b>	<b>672.7</b>	<b>639.7</b>
<b>TOTAL EQUITY</b>		<b>673.2</b>	<b>640.2</b>	<b>672.7</b>	<b>639.7</b>

The profit after tax of the Company for the year is £72.1m (2024 – £134.4m).

The financial statements on pages 66 to 101 were approved by the Board of Directors on 24 March 2026 and signed on its behalf by:

**Derek Hynes**

Director

Date: 24 March 2026 Company number: NI026041

## Statements of Changes in Equity

for the year ended 31 December 2025

### Group

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
<b>At 1 January 2024</b>		<b>36.4</b>	<b>24.4</b>	<b>6.1</b>	<b>504.3</b>	<b>571.2</b>
Profit for the year		-	-	-	134.4	134.4
Net other comprehensive loss for the year		-	-	-	(11.8)	(11.8)
Total comprehensive income for the year		-	-	-	122.6	122.6
Transactions with owners in their capacity as owners:						
Dividends to the shareholder	23	-	-	-	(53.6)	(53.6)
<b>At 31 December 2024</b>		<b>36.4</b>	<b>24.4</b>	<b>6.1</b>	<b>573.3</b>	<b>640.2</b>
Profit for the year		-	-	-	72.1	72.1
Net other comprehensive loss for the year		-	-	-	(11.9)	(11.9)
Total comprehensive income for the year		-	-	-	60.2	60.2
Transactions with owners in their capacity as owners:						
Dividends to the shareholder	23	-	-	-	(27.2)	(27.2)
<b>At 31 December 2025</b>		<b>36.4</b>	<b>24.4</b>	<b>6.1</b>	<b>606.3</b>	<b>673.2</b>

## Statements of Changes in Equity

for the year ended 31 December 2025

### Company

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
<b>At 1 January 2024</b>		<b>36.4</b>	<b>24.4</b>	<b>6.1</b>	<b>503.8</b>	<b>570.7</b>
Profit for the year		-	-	-	134.4	134.4
Net other comprehensive loss for the year		-	-	-	(11.8)	(11.8)
Total comprehensive income for the year		-	-	-	122.6	122.6
Transactions with owners in their capacity as owners:						
Dividends to the shareholder	23	-	-	-	(53.6)	(53.6)
<b>At 31 December 2024</b>		<b>36.4</b>	<b>24.4</b>	<b>6.1</b>	<b>572.8</b>	<b>639.7</b>
Profit for the year		-	-	-	72.1	72.1
Net other comprehensive loss for the year		-	-	-	(11.9)	(11.9)
Total comprehensive income for the year		-	-	-	60.2	60.2
Transactions with owners in their capacity as owners:						
Dividends to the shareholder	23	-	-	-	(27.2)	(27.2)
<b>At 31 December 2025</b>		<b>36.4</b>	<b>24.4</b>	<b>6.1</b>	<b>605.8</b>	<b>672.7</b>

# Cash Flow Statement

for the year ended 31 December 2025

	Group	
	2025 £m	2024 £m
<b>Cash flows generated from operating activities</b>		
Profit for the year	72.1	134.4
Adjustments for:		
Tax charge	23.5	46.4
Net finance costs	54.9	46.2
Depreciation of property, plant and equipment	98.6	93.9
Depreciation of leased assets	4.1	3.5
Amortisation of intangible assets	8.4	5.9
Release of customers' contributions and grants	(23.4)	(22.2)
Defined benefit pension charge less contributions paid	(1.5)	(2.1)
Net movement in provisions	0.1	(0.8)
Operating cash flows before movement in working capital	236.8	305.2
Increase in inventories	(11.5)	(7.0)
Decrease/(increase) in trade and other receivables	11.5	(19.9)
Increase in trade and other payables	1.1	8.6
(Decrease)/increase in working capital	1.1	(18.3)
<b>Cash generated from operations</b>	<b>237.9</b>	<b>286.9</b>
Interest received	12.9	8.5
Interest paid	(67.3)	(55.0)
Lease interest paid	(1.3)	(0.9)
Current taxes (received) / paid	13.9	(20.0)
<b>Net cash flows generated from operating activities</b>	<b>196.1</b>	<b>219.5</b>
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment	(276.7)	(228.2)
Customers' cash contributions	37.7	44.2
Purchase of intangible assets	(10.8)	(12.4)
<b>Net cash flows used in investing activities</b>	<b>(249.8)</b>	<b>(196.4)</b>
<b>Cash flows generated used in financing activities</b>		
Dividends paid to shareholder	(27.2)	(53.6)
Payment of lease liabilities	(3.5)	(3.1)
Borrowings repaid	(350.0)	-
Net proceeds from bond issue	347.7	-
<b>Net cash flows used in financing activities</b>	<b>(33.0)</b>	<b>(56.7)</b>
Net decrease in cash and cash equivalents	(86.7)	(33.6)
Cash and cash equivalents at beginning of year	118.4	152.0
<b>Cash and cash equivalents at end of year</b>	<b>31.7</b>	<b>118.4</b>

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For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short-term bank deposits and bank overdrafts.

# Notes to the Financial Statements

## 1. General Information

Northern Ireland Electricity Networks Limited (NIE Networks or the Company) is a limited company incorporated, domiciled and registered in NI (registered number NI026041). NIE Networks is a private company limited by shares. The Company's registered office address is 120 Malone Road, Belfast, BT9 5HT. The principal activities of the Company are:

- constructing and maintaining the electricity transmission and distribution networks in NI and operating the distribution network;
- connecting demand and generation customers to the transmission and distribution networks; and
- providing electricity meters in NI and providing metering data to suppliers and market operators to enable wholesale and retail market settlement.

## 2. Accounting Policies

The material accounting policy information applied in the preparation of these financial statements is set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

### New and revised accounting standards, amendments and interpretations

The following amendment is effective for the Group for the financial year beginning on 1 January 2025 but has no material effect on the results or financial position of the Group or Company:

- IAS 21 (Amendments) – The effects of changes in foreign exchange rates: lack of exchangeability

### New and revised accounting standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the financial year ended 31 December 2025 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group or Company:

- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity
- New Standard IFRS 19 – Subsidiaries without Public Accountability: Disclosures
- New Standard IFRS 18 – Presentation and Disclosure in Financial Statements; and
- Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency

## Basis of Preparation

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The Company has taken advantage of certain disclosure exemptions allowed under this standard as detailed below.

The financial statements of the Group and Company have been prepared under the historical cost convention except for the following:

- financial derivative instruments are measured at fair value through profit or loss; and
- defined benefit pension plan assets are measured at fair value.

The financial statements are presented in Sterling (£) with all values rounded to the nearest £1,000,000 except where otherwise indicated.

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

- the requirements of paragraphs 10(d), 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements, which are requirements relating to cash flows, comparative information, statement of compliance and the management of capital;
- the requirements of IAS 7 Statement of Cash Flows in preparing a cash flow statement for the Company;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures relating to the disclosure of key management personnel compensation; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements.

## Basis of Preparation – Going Concern

The Group is financed through a combination of equity and debt finance. Details in respect of the Group's equity are shown in the Statement of Changes in Equity and in note 23 to the financial statements. The Group's debt finance at the year end comprised bonds of £400.0m, £350.0m and £350.0m (£399.9m, £346.9m and £347.5m respectively net of amortised issue costs) which are due to mature in June 2026, December 2032 and December 2035 respectively and a £600.0m Revolving Credit Facility from

## 2. Accounting Policies (continued)

### Basis of Preparation – Going Concern (continued)

ESB on an arms length basis, none of which was drawn down at 31 December 2025. The RCF is due to mature in June 2027. Elements of existing debt finance maturing in June 2026 will be refinanced using the £600 million bond issued in January 2026 under the EMTN programme.

The Company is financed through a combination of equity and subsidiary undertaking financing. Details in respect of the Company's equity are shown in the Statement of Changes in Equity and in note 23 to the financial statements. The terms of financing with its subsidiary undertaking mirror the Group's debt financing arrangements outlined above.

The Group and Company's liquidity risk are assessed through the preparation of cash flow forecasts. The Group and Company's policy is to have sufficient funds in place to meet funding requirements for the next 12 to 18 months.

On the basis of their assessment of the Group and Company's financial position, which included a review of the projected funding requirements for a period of at least 12 months from the date of approval of the financial statements along with potential severe but plausible downside sensitivities, the directors have a reasonable expectation that both the Group and Company will have adequate financial resources for at least a 12-month period and continue to adopt the going concern basis in preparing the annual report and financial statements.

### Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries), NIE Networks Services Limited and NIE Finance PLC. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power, directly or indirectly, to govern the financial and operating policies of the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Subsidiaries are consolidated from the day on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost less any recognised impairment loss. Dividends received from subsidiaries are recognised in the income statement. The carrying values of investments in subsidiaries are reviewed annually for any indications of impairment, including whether the carrying value is impaired as a result of the receipt of dividends.

### Property, plant and equipment

Property, plant and equipment is included in the balance sheet at cost, less accumulated depreciation and any recognised

impairment loss. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of relevant overheads. Overheads are initially expensed to the income statement with a portion being capitalised based on an assessment of the costs incurred that are attributable to the capital work performed. Interest on funding attributable to significant capital projects is capitalised during the period of construction provided it meets the recognition criteria in IAS 23 and is written off as part of the total cost of the asset.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis so as to write off the cost, less estimated residual values, over their estimated useful lives as follows:

- Infrastructure assets – up to 40 years
- Non-operational land and buildings – up to 60 years
- Fixtures and equipment – up to 10 years
- Vehicles and mobile plant – up to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net selling price and the carrying amount of the asset.

The treatment of costs related to asset retirement obligations, including capitalisation and depreciation of relevant costs, is detailed in the Provisions policy below.

### Right of use assets and Lease liabilities

On entering a new lease contract, the Group recognises a right of use asset and a liability to pay future rentals. The liability is measured at the present value of future lease payments discounted at the applicable incremental borrowing rate. The right of use asset is depreciated over the shorter of the term of the lease and the useful life, subject to review for impairment.

## 2. Accounting Policies (continued)

### Right of use assets and Lease liabilities (continued)

The Group has applied the recognition exemptions available under IFRS 16 for short-term leases and leases of low-value assets. Lease payments arising from these leases are recognised as an expense in the income statement as incurred.

### Intangible assets - Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over its estimated useful life which is between three and ten years. Costs include direct labour relating to software development and an appropriate portion of directly attributable overheads. Interest on funding attributable to significant capital projects is capitalised during the period of construction provided it meets the recognition criteria in IAS 23 and is amortised as part of the total cost of the asset.

The carrying value of computer software is reviewed for impairment annually when the asset is not yet in use and subsequently when events or changes in circumstances indicate that the carrying value may not be recoverable.

Gains or losses arising from de-recognition of computer software are measured as the difference between the net selling price and the carrying amount of the asset.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as the weighted average purchase price. Net realisable value is the estimated value for use in the ordinary course of business. Provisions are made for obsolete or slow moving items of inventory.

### Financial instruments

The accounting policies for the financial instruments of the Group are set out below. The related objectives and policies for financial risk management (including capital management and liquidity risk, credit risk and interest rate risk) are included in the Group Strategic Report.

The Group classifies its financial instruments into one of the categories discussed below, depending on the purpose for which the instrument was acquired. The Group's accounting policy for each category is as follows:

#### Fair value through profit or loss

This category comprises derivative assets and liabilities. Derivatives are carried in the balance sheet at fair value with changes in fair value recognised in the income statement within net finance costs.

#### Financial assets measured at amortised cost

Assets measured at amortised cost principally arise from the provision of services to customers (trade receivables) but also incorporate other types of financial assets where the objective is to hold assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue,

and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets are initially recorded at fair value. After initial recognition, financial assets are measured at amortised cost and comprise trade and other receivables, cash and cash equivalents.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with maturities of 90 days or less.

#### Short-term investments

Short-term investments comprise deposits with maturities of 91 days to 180 days. These deposits are placed for varying periods of between 91 and 180 days depending on the cash requirements of the Group and Company, and earn interest at the respective short-term deposit rates.

#### Trade and other receivables

Trade and other receivables do not carry any interest. The Group assesses, on a forward-looking basis, the expected credit losses associated with trade receivables. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### Other financial liabilities

Other financial liabilities include bank borrowings. The Group's other financial liabilities are initially recorded at fair value and are subsequently carried at amortised cost.

#### Interest bearing loans and overdrafts

Interest bearing loans and overdrafts are initially recorded at fair value, being the proceeds received net of direct issue costs. After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest method.

#### Trade and other payables

Trade and other payables are not interest bearing. The Group's trade and other payables are initially recorded at fair value and subsequently carried at their amortised cost.

#### Borrowing costs

Borrowing costs directly attributable to significant capital projects are capitalised as part of the cost of the respective qualifying assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

#### Revenue

Revenue is principally derived through charges for use of the distribution system (DUoS) levied on electricity suppliers and transmission service charges (TSC) mainly for use of the transmission system levied on SONI. NIE Networks is

## 2. Accounting Policies (continued)

### Revenue (continued)

a regulated business, earning revenue primarily from the recovery of the allowed cost of network and other assets and an allowed return on its Regulated Asset Base (RAB).

Revenue is recognised when the Group has satisfied its performance obligations in respect of the contract with the customer. Revenue is measured based on the consideration specified in a contract with a customer. The following specific recognition criteria must also be met before revenue is recognised:

#### Distribution Use of System (DUoS) revenue

DUoS revenue is recognised over time in line with the use of the system by consumers under the schedule of entitlement set by the UR for each tariff period. Any outstanding billed and unbilled usage for DUoS is included within UoS receivable at the balance sheet date. Revenue includes an assessment of the volume of electricity distributed, estimated using historical consumption patterns.

#### Transmission service charge revenue

Revenue is earned by maintaining the transmission assets to facilitate the effective operation by SONI. For this fixed price contract, revenue is recognised over time on a straight-line basis in line with the schedule of entitlement set by the UR for each tariff period and a UoS receivable is recognised on the balance sheet.

#### Public Service Obligation revenue

Included within the Group's operating profit are revenues and costs associated with the PSO charges which are fully recoverable (including amounts paid under the NI Sustainable Energy Programme), albeit there are timing differences between the receipt of revenue / payment of costs and the recovery of those amounts through the PSO charges.

PSO revenue is earned over time in line with the UoS by consumers under the schedule of entitlement set by the UR for each tariff period. In addition to PSO tariff revenues, NIE Networks recognises income received from the Power Procurement Business (PPB) at a point in time as NIE Networks does not have control over the amount or timing of receipt of PPB revenues.

#### Customers' contributions

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

#### Interest receivable

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

### Government grants

Government grants received in respect of property, plant and equipment are deferred and released to operating costs in the income statement by instalments over the estimated useful economic lives of the related assets. Grants received in respect of expenditure charged to the income statement during the period are included in the income statement.

### Tax

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

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Company and Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

## 2. Accounting Policies (continued)

### Provisions (continued)

#### Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within finance costs. NIE Networks considers the implication of known or potential changes in industry requirements and regulations – including the potential impact of climate change – when assessing where a provision is required.

#### Provision for asset retirement obligations

The provision for retirement and decommissioning of creosote treated wood poles represents the present value of the current estimate of the costs of the disposal of the poles at the end of their useful lives. The estimated costs of asset retirement obligations are recognised in full at the outset of the asset life, but discounted to present values using an appropriate risk-free pre-tax discount rate. The costs are capitalised in property, plant and equipment and are depreciated over the useful economic lives of the assets to which they relate unless the related asset has reached the end of its useful life.

Any subsequent changes in the liability in respect of assets that have reached the end of their useful life will be recognised in the income statement as they occur. The costs are reviewed each year and amended as appropriate. Any future amendments to the discounted estimated costs will be accounted for within the relevant assets and depreciated over the remaining life of those assets to the extent that the assets are still in use. As the costs are capitalised and initially provided on a discounted basis, the provision will be increased by a financing charge in each future period, which will be calculated based on the provision balance and discount rate applied at the last measurement date (updated annually) and included in the income statement as a financing charge. In this way, the provision will equal the estimated disposal costs at the end of the useful economic lives of the assets. The actual expenditure will be set against the provision as obligations are met. The provision for asset retirement obligations is included within current or non-current provisions as appropriate on the balance sheet.

#### Pensions and other post-retirement benefits

Employees of the Group are offered membership of the Northern Ireland Electricity Pension Scheme (NIEPS) which

has both defined benefit and defined contribution pension arrangements. Pension costs in respect of defined contribution arrangements are charged to the income statement as they become payable. The remainder of this policy is therefore in respect of the defined benefit section of the scheme. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

Pension scheme assets are measured at fair value and liabilities are measured using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the liabilities. Full actuarial valuations are obtained at least triennially and updated at each balance sheet date. Re-measurements comprising of actuarial gains and losses and return on plan assets are recognised immediately in the period in which they occur and are presented in the statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

The cost of providing benefits under the defined benefit scheme is charged to the income statement over the periods benefiting from employees' service. These costs comprise current service costs, past service costs, gains or losses on curtailments and non-routine settlements, all of which are recognised in operating costs. Past service costs are recognised immediately to the extent that the benefits are already vested. Curtailment losses are recognised in the income statement in the period they occur.

Net pension interest on the net pension scheme asset/liability is included within net finance costs. Net interest is calculated by applying the discount rate to the net pension asset or liability.

#### Share capital

Ordinary shares are classified as equity. The nominal value of shares is recognised as share capital.

#### Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

#### Critical accounting judgements and key sources of estimation uncertainty

Management considers that their use of estimates, assumptions and judgements in the application of the Group and Company's accounting policies are inter-related and therefore discuss them together below; with the major sources of estimation uncertainty and significant judgements separately identified.

#### Pensions and other post-employment benefits (Estimate and judgement)

The estimation of and accounting for retirement benefit obligations involves judgements made in conjunction with independent actuaries. This involves estimates about uncertain future events including the life expectancy of scheme members,

## 2. Accounting Policies (continued)

### Critical accounting judgements and key sources of estimation uncertainty (continued)

future salary and pension increases and inflation as well as discount rates. The assumptions used by the Group and a sensitivity analysis of a change in these assumptions are described in note 13.

The Company has recognised an accounting surplus on the 'Focus' defined benefit pension scheme in line with the most recent IAS 19 valuation on the basis of the Company's assessment that it has the right to any remaining surplus on the eventual winding up of the pension scheme following gradual settlement of the scheme's liabilities.

In making this judgement, the Company is of the view that no other party has the unilateral right to wind-up the scheme or amend the liabilities of the scheme. Notwithstanding the current IAS 19 surplus, the company expects to continue to contribute deficit contributions in line with the agreement arising from the most recent funding valuation.

### Asset retirement obligations (Estimate and judgement)

Future costs required to settle current provisions such as the creosote treated wood pole retirement provision are disclosed in note 22.

There is significant estimation required in determining the level of provision required for the disposal of creosote treated wood poles. This includes estimating the disposal cost per pole, which will be determined via competitive tender processes, the period over which poles will be disposed of which is dependent on pole condition and the use of an appropriate discount rate. The period over which poles are disposed of is estimated based on estimated useful economic life which could change significantly in the future as a result of operational plans, environmental legislation or pole condition.

### Fair value measurement (Judgement)

The measurement of the Group's derivative financial instruments is based on a number of judgmental factors and assumptions which by necessity are not based on observable inputs. These have been classified as Level 2 financial instruments in accordance with IFRS 13. Further detail is provided in note 19.

### Other accounting judgements and sources of estimation uncertainty

The financial statements include other areas of judgement and accounting estimates which do not meet the definition under IAS 1 of significant accounting estimates or critical judgements, but for which the recognition and measurement of certain material assets and liabilities are based on assumptions or judgements that are subject to longer-term uncertainties.

### Unbilled debt (Estimate)

Revenue includes an assessment of the volume of electricity distributed but not yet invoiced, estimated using historical consumption patterns. A corresponding receivable in respect of unbilled consumption is recognised within trade receivables.

### Useful economic lives (Estimate and judgement)

The measurement of Plant, Property & Equipment, Intangible assets and Right of Use assets requires a degree of estimation and judgement, including the estimation of useful economic lives and residual values. These items are estimated in accordance with the accounting policies of the Group and current UK-adopted international accounting standards. In addition, NIE Networks considers the implication of known or potential changes in industry requirements and regulations – including the potential impact of climate change or smart metering – when assessing the useful economic lives of assets.

## 3. Revenue

The Group's operating activities, which comprise one operating segment, are described in the Group Strategic Report. Financial information is reported to the Executive Committee and the Board on a consolidated basis and is not segmented.

All of the Group's revenue is derived from contracts with customers.

	2025 £m	2024 £m
<b>Revenue:</b>		
Regulated tariff revenue	331.9	342.3
Release of customers' contributions	23.1	21.9
PPB PSO	38.4	76.0
Other unregulated revenue	14.5	11.9
	<b>407.9</b>	<b>452.1</b>

Revenue of £407.9m (2024 – £452.1m) includes £43.7m (2024 – £80.0m) recognised at a point in time comprising PPB PSO revenue of £38.4m (2024 – £76.0m) and elements of other unregulated revenue £5.3m (2024 – £4.0m).

As outlined in note 15, the Group does not have contract assets arising from contracts with customers (2024 – none).

The Group's contract liabilities are in the form of payments received on account (note 17) and deferred income in respect of customers' contributions (note 18), both of which relate to amounts charged to customers in respect of connections to the network. Revenue from the release of customers' contributions of £23.1m (2024 – £21.9m) represents revenue recognised during the year which would have been included within contract liabilities in the prior year.

None of the Group's revenue recognised during the year (2024 – none) relates to performance obligations satisfied in prior years.

Three customers with sales greater than 10% accounted for sales revenue totalling £226.0m (2024 – three customers accounted for £265.1m).

### Geographical information

The Group is of the opinion that all revenue is derived from the UK on the basis that the Group's assets, from which revenue is derived, are all located within the UK.

#### 4. Operating costs

Operating costs are analysed as follows:

	2025 £m	2024 £m
Employee costs (note 5)	50.4	44.3
Depreciation and amortisation	110.8	103.0
Other operating charges	96.2	77.8
	<u>257.4</u>	<u>225.1</u>

Operating costs include:

Depreciation charge on property, plant and equipment (note 9)	98.6	93.9
Depreciation on right of use assets (note 10)	4.1	3.5
Amortisation of intangible assets (note 11)	8.4	5.9
Amortisation of grants (note 18)	(0.3)	(0.3)
Profit on disposal of property	(0.1)	(0.3)
Cost of inventories recognised as an expense	2.0	1.5

Operating costs include:

	2025 £'000	2024 £'000
<b>Auditor's remuneration</b>		
<i>Deloitte (NI) Limited:</i>		
Fees payable to the Group and Company auditor for the audit of the financial statements	104.9	101.5
Fees payable to the Group and Company auditor for other services:		
The audit of the company's subsidiaries pursuant to legislation	20.0	20.0
Audit related assurance services	13.9	13.9
Bond letter of comfort	21.0	-

#### 5. Employees

##### Employee costs – Group and Company

	2025 £m	2024 £m
Wages and salaries	96.8	86.6
Social security costs	12.5	9.5
Other pension costs		
- defined contribution plans	18.0	15.5
- defined benefit plans	4.0	4.4
	<u>131.3</u>	<u>116.0</u>
Less: amounts capitalised to property, plant and equipment and intangible assets	(80.9)	(71.7)
	<u>50.4</u>	<u>44.3</u>
Charged to the income statement		

Average monthly and actual headcount for the Group and Company are disclosed in the table below:

	Average monthly headcount		Actual headcount as at 31 December	
	2025 Number	2024 Number	2025 Number	2024 Number
Management, administration and support	502	475	511	493
Electrical services	1,159	1,103	1,170	1,153
Employee numbers	<u>1,661</u>	<u>1,578</u>	<u>1,681</u>	<u>1,646</u>

##### Directors' emoluments

The remuneration of the directors paid by the Company was as follows:

	2025 £'000	2024 £'000
Emoluments in respect of qualifying services	718	820

Emoluments in respect of qualifying services include deferred remuneration awarded in the current and prior year but payable in future years. No amounts were paid to directors in respect of long-term incentive plans. The Company does not operate any share schemes therefore no directors exercised share options or received shares under long-term incentive schemes during either the current year or the previous year.

The number of directors to whom retirement benefits are accruing, under defined contribution pension schemes, was as follows:

	2025 Number	2024 Number
Defined contribution scheme	1	1

Aggregate contributions by the Group and Company to the Company's defined contribution pension scheme in respect of the directors during the year was £48,121 (2024 – £46,808).

The total remuneration in respect of the highest paid director, which includes all elements of remuneration except the Company's contributions to the Company's defined contribution pension scheme, was as follows:

	2025 £'000	2024 £'000
Emoluments	291	451

No contributions were made by the Company to the Company's defined contribution pension scheme in respect of the highest paid director (2024 – £Nil).

**6. Net Finance Costs**

	2025 £m	2024 £m
<b>Finance revenue:</b>		
Bank interest receivable	12.2	8.4
<b>Finance costs:</b>		
£400m bond (Issued 2011)	(25.5)	(25.5)
£350m bond (Issued 2018)	(7.2)	(8.8)
£350m bond (Issued 2022)	(20.6)	(20.6)
£350m bond (Issued 2025)	(13.1)	-
Amounts payable to group undertakings (note 26)	(0.8)	(0.2)
Interest on lease liabilities (note 10)	(1.3)	(0.8)
<b>Total interest charged to the income statement</b>	<b>(68.5)</b>	<b>(55.9)</b>
<b>Other finance costs:</b>		
Amortisation of financing charges	(0.9)	(0.8)
Unwinding of discount on provision	(0.9)	(1.2)
<b>Total finance costs</b>	<b>(70.3)</b>	<b>(57.9)</b>
<b>Net pension scheme interest income</b>	<b>3.2</b>	<b>3.3</b>
<b>Net finance costs</b>	<b>(54.9)</b>	<b>(46.2)</b>

**7. Tax Charge****(i) Analysis of charge during the year**

	2025 £m	2024 £m
<b>Group Income Statement</b>		
<b>Current tax (credit) / charge</b>		
UK corporation tax at 25.0% (2024 – 25.0%)	(3.9)	21.8
Corporation tax over -provided in previous years	(0.5)	(13.5)
<b>Total current income tax</b>	<b>(4.4)</b>	<b>8.3</b>
<b>Deferred tax charge</b>		
Origination and reversal of temporary differences in current year	28.1	23.9
Origination and reversal of timing differences relating to prior years	(0.2)	14.2
<b>Total deferred tax charge</b>	<b>27.9</b>	<b>38.1</b>
<b>Total tax charge for the year</b>	<b>23.5</b>	<b>46.4</b>
<b>Tax relating to items charged in other comprehensive income</b>		
<b>Deferred tax credit</b>		
Arising on re-measurement losses on pension scheme assets and liabilities	(4.0)	(3.9)
Deferred tax credit relating to components of other comprehensive income	(4.0)	(3.9)

**(ii) Reconciliation of total tax charge**

The tax charge in the Group Income Statement for the year is lower than (2024 – higher than) the standard rate of corporation tax in the UK of 25% (2024 – 25.0%). The differences are reconciled below:

	2025 £m	2024 £m
Profit before tax	95.6	180.8
Profit before tax multiplied by the UK standard rate of corporation tax of 25.0% (2024 – 25.0%)	23.9	45.2
<b>Tax effect of:</b>		
Tax (under)/over provided in previous period	(0.6)	0.7
Other permanent differences / expenses not deductible	0.2	0.5
<b>Total tax charge for the year</b>	<b>23.5</b>	<b>46.4</b>

**7. Tax Charge (continued)****(iii) Deferred tax**

The deferred tax included in the Group Balance Sheet is as follows:

	2025 £m	2024 £m
<b>Deferred tax assets</b>		
Asset Retirement Provision	4.9	4.9
Other temporary differences	0.3	0.2
	<u>5.2</u>	<u>5.1</u>
<b>Deferred tax liabilities</b>		
Accelerated capital allowances	(193.9)	(166.7)
Asset Retirement Obligation	(3.6)	(3.9)
Held-over losses on property disposals	(1.2)	(1.2)
Pension asset	(11.3)	(14.1)
	<u>(210.0)</u>	<u>(185.9)</u>
Net deferred tax liability	<u>(204.8)</u>	<u>(180.8)</u>

The deferred tax charge included in the Group Income Statement is as follows:

	2025 £m	2024 £m
Accelerated capital allowances	27.3	37.7
Temporary differences in respect of pensions	(2.8)	1.4
Other temporary differences	(0.5)	(1.0)
Deferred tax charge	<u>24.0</u>	<u>38.1</u>

The Company has applied the temporary exemption issued by the IASB on May 2023 from the accounting requirements for deferred taxes relating to Pillar Two under IAS12. Accordingly, the Company neither recognises nor discloses information about deferred taxes assets and liabilities related to Pillar Two income taxes.

On 11 July 2023, the UK government enacted the Pillar Two income taxes legislation effective from 1 January 2024. Under the legislation, ESB Group (UK) Ltd as the nominated UK filing member will be required to pay, in the UK, top-up tax on profits of ESB UK subsidiaries and share of profits in UK joint ventures and associates that are taxed at an effective tax rate of less than 15%. Substance based carveouts apply for eligible fixed assets and payroll costs which reduce the profits subject to top-up tax. The current tax expense related to Pillar Two incomes is nil for 31 December 2025 based on the transitional safe harbour rules.

**8. Profit for the Financial Year**

The profit of the Company is £72.1m (2024 – £134.4m). No separate income statement is presented for the Company as permitted by Section 408 of the Companies Act 2006.

**9. Property, Plant and Equipment**

	Infrastructure assets £m	Non-operational land and buildings £m	Fixtures and equipment £m	Vehicles and mobile plant £m	Total £m
<b>Group Cost:</b>					
At 1 January 2024	3,569.0		128.0	3.5	3,705.6
Additions	228.8	-	4.7	-	233.5
Retirements/disposals	(300.6)	(0.3)	(96.4)	(3.2)	(400.5)
Decrease in asset retirement obligation	(11.8)	-	-	-	(11.8)
<b>At 31 December 2024</b>	<b>3,485.4</b>	<b>4.8</b>	<b>36.3</b>	<b>0.3</b>	<b>3,526.8</b>
Additions	267.7	-	5.7	-	273.4
Retirements/disposals	(16.4)	(0.2)	(8.9)	(0.1)	(25.6)
Decrease in asset retirement obligation	(1.2)	-	-	-	(1.2)
<b>At 31 December 2025</b>	<b>3,735.5</b>	<b>4.6</b>	<b>33.1</b>	<b>0.2</b>	<b>3,773.4</b>
<b>Accumulated depreciation:</b>					
At 1 January 2024	1,383.6	2.5	106.4	3.3	1,495.8
Charge for the year	86.6	0.1	7.1	0.1	93.9
Retirements/disposals	(300.6)	(0.3)	(96.4)	(3.2)	(400.5)
<b>At 31 December 2024</b>	<b>1,169.6</b>	<b>2.3</b>	<b>17.1</b>	<b>0.2</b>	<b>1,189.2</b>
Charge for the year	92.6	0.1	5.9	-	98.6
Retirements/disposals	(16.4)	(0.2)	(8.9)	(0.1)	(25.6)
<b>At 31 December 2025</b>	<b>1,245.8</b>	<b>2.2</b>	<b>14.1</b>	<b>0.1</b>	<b>1,262.2</b>
<b>Net book value:</b>					
At 31 December 2024	2,315.8	2.5	19.2	0.1	2,337.6
<b>At 31 December 2025</b>	<b>2,489.7</b>	<b>2.4</b>	<b>19.0</b>	<b>0.1</b>	<b>2,511.2</b>

## 9. Property, Plant and Equipment (continued)

	Infrastructure assets £m	Non-operational land and buildings £m	Fixtures and equipment £m	Vehicles and mobile plant £m	Total £m
<b>Company Cost:</b>					
At 1 January 2024	3,570.6	5.1	128.0	3.5	3,707.2
Additions	228.8	-	4.7	-	233.5
Retirements/disposals	(300.6)	(0.3)	(96.4)	(3.2)	(400.5)
Decrease in asset retirement obligation	(11.8)	-	-	-	(11.8)
<b>At 31 December 2024</b>	<b>3,487.0</b>	<b>4.8</b>	<b>36.3</b>	<b>0.3</b>	<b>3,528.4</b>
Additions	267.7	-	5.7	-	273.4
Retirements/disposals	(16.4)	(0.2)	(8.9)	(0.1)	(25.6)
Decrease in asset retirement obligation	(1.2)	-	-	-	(1.2)
<b>At 31 December 2025</b>	<b>3,737.1</b>	<b>4.6</b>	<b>33.1</b>	<b>0.2</b>	<b>3,775.0</b>
<b>Accumulated depreciation:</b>					
At 1 January 2024	1,384.4	2.5	106.4	3.3	1,496.6
Charge for the year	86.6	0.1	7.1	0.1	93.9
Retirements/disposals	(300.6)	(0.3)	(96.4)	(3.2)	(400.5)
<b>At 31 December 2024</b>	<b>1,170.4</b>	<b>2.3</b>	<b>17.1</b>	<b>0.2</b>	<b>1,190.0</b>
Charge for the year	92.6	0.1	5.9	-	98.6
Retirements/disposals	(16.4)	(0.2)	(8.9)	(0.1)	(25.6)
<b>At 31 December 2025</b>	<b>1,246.6</b>	<b>2.2</b>	<b>14.1</b>	<b>0.1</b>	<b>1,263.0</b>
<b>Net book value:</b>					
At 31 December 2024	2,316.6	2.5	19.2	0.1	2,338.4
<b>At 31 December 2025</b>	<b>2,490.5</b>	<b>2.4</b>	<b>19.0</b>	<b>0.1</b>	<b>2,512.0</b>

Infrastructure assets for both Group and Company include amounts in respect of assets under construction of £272.3m (2024 – £235.7m) and asset retirement obligations of £14.3m (2024 – £15.5m). Total additions for the year (excluding asset retirement obligation) includes: investment in the network £206.1m (2024: £171.3m), non-network £25.4m (2024: £23.0m) and connections capital expenditure £52.1m (2024: £50.7m).

## 10. Right of Use Assets and Lease Liabilities

	Land and Buildings £m	Vehicles £m	Total £m
<b>Right of Use Assets and Lease Liabilities Group and Company Cost:</b>			
At 1 January 2024	13.3	12.3	25.6
Additions	0.4	5.2	5.6
Disposals	-	(2.8)	(2.8)
<b>At 31 December 2024</b>	<b>13.7</b>	<b>14.7</b>	<b>28.4</b>
Additions	0.1	8.0	8.1
Disposals	-	(4.7)	(4.7)
<b>At 31 December 2025</b>	<b>13.8</b>	<b>18.0</b>	<b>31.8</b>
<b>Accumulated depreciation:</b>			
At 1 January 2024	1.8	7.9	9.7
Charge for the year	0.7	2.8	3.5
Eliminated on disposals	-	(2.7)	(2.7)
<b>At 31 December 2024</b>	<b>2.5</b>	<b>8.0</b>	<b>10.5</b>
Charge for the year	0.7	3.4	4.1
Eliminated on disposals	-	(4.7)	(4.7)
<b>At 31 December 2025</b>	<b>3.2</b>	<b>6.7</b>	<b>9.9</b>
<b>Net book value:</b>			
At 31 December 2024	11.2	6.7	17.9
<b>At 31 December 2025</b>	<b>10.6</b>	<b>11.3</b>	<b>21.9</b>
<b>Lease Liabilities</b>			
	<b>2025</b>		2024
	£m		£m
Current	4.4		3.0
Non-current	19.2		16.1
	<b>23.6</b>		<b>19.1</b>
<b>Lease costs include:</b>	<b>2025</b>		2024
	£m		£m
Depreciation on right-of-use assets (note 4)	4.1		3.5
Lease liabilities finance cost (note 6)	1.3		0.8
Expense relating to short-term leases included in operating costs	0.2		0.3
	<b>5.6</b>		<b>4.6</b>

## 11. Intangible Assets

### Computer software – Group and Company

	2025 £m	2024 £m
<b>Cost:</b>		
At 1 January 2025	44.9	136.4
Retirements/disposals	(1.9)	(103.9)
Additions	10.7	12.4
At 31 December 2025	53.7	44.9
<b>Accumulated amortisation:</b>		
At 1 January 2025	16.6	114.6
Amortisation charge for the year	8.4	5.9
Retirements/disposals	(1.9)	(103.9)
At 31 December 2025	23.1	16.6
<b>Net book value:</b>		
At 1 January 2025	28.3	21.8
At 31 December 2025	30.6	28.3

## 12. Investments

### Company – Investment in subsidiaries

	2025 £m	2024 £m
<b>Cost:</b>		
At the beginning and end of the year	7.9	7.9

The Company holds the entire share capital of NIE Networks Services Limited and NIE Finance PLC which have been fully consolidated into the financial statements. All of the Company's subsidiaries are incorporated in the UK and hold registered office addresses at 120 Malone Road, Belfast, BT9 5HT.

The principal activity of NIE Networks Services Limited until 31 December 2015 was to provide construction maintenance, metering and other services to the Company. As NIE Networks Services Limited provided services to the Company, revenue on consolidation was £nil. On 1 January 2016, all assets, operations and employees of NIE Networks Services Limited transferred to NIE Networks and NIE Networks Services Limited ceased operational activity.

The principal activity of NIE Finance PLC is the provision of financing services, being the issuer of the £400m, £350m and £350m bonds which were on-lent to the Company. Further details of the bond issues are included in note 20.

### Dormant subsidiaries

The Company holds 100% of the share capital of Northern Ireland Electricity Limited and NIE Limited. These companies are dormant and the carrying value of these investments as at 31 December 2025 is £nil (2024 – £nil).

## 13. Pension Commitments

Most employees of the Group are members of Northern Ireland Electricity Pension Scheme (NIEPS or the scheme). The scheme has two sections: 'Options' which is a money purchase arrangement whereby the Group generally matches the members' contributions up to a maximum of 8% of salary and 'Focus' which provides benefits based on pensionable salary at retirement or earlier exit from service. The assets of the scheme are held under trust and invested by the trustees on the advice of professional investment managers. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets and the day-to-day administration of the benefits of the scheme.

As the benefits paid to members of the Options section of the scheme are directly related to the value of assets for Options, there are no funding issues with this section of the scheme. The remainder of this note is therefore in respect of the Focus section of the scheme.

Under the Focus section of the scheme, employees are entitled to annual pensions on retirement at age 63 (for members who joined after 1 April 1988) of one-sixtieth of final pensionable salary for each year of service. Benefits are also payable on death and following events such as withdrawing from active service.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Focus section of the scheme was carried out by a qualified actuary as at 31 March 2022 and showed a deficit of £29.0m. The Company paid deficit contributions of £20.025m per annum (increasing in line with inflation) from 1 April 2022. These deficit contribution payments ceased on 30 September 2023 in line with the recovery plan agreed with the Trustees. Since 1 April 2023, NIE Networks also pays contributions of 52.1% of pensionable salaries (2024: 52.1%) in respect of current accrual plus £100,000 monthly expenses (2024: £100,000), with active members paying a further 6% of pensionable salaries. An updated funding valuation is currently being carried out as at 31 March 2025 and is expected to be finalised by 31 March 2026.

### Profile of the scheme

The net asset includes benefits for current employees, former employees and current pensioners. Broadly, about 13% of the liabilities are attributable to current employees, 3% to former employees and 84% to current pensioners. The scheme duration is an indication of the weighted average time until benefit payments are made. For the NIEPS, the duration is around 10 years (2024 – 11 years) based on the last funding valuation.

### Risks associated with the scheme

*Asset volatility* – liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The scheme holds a limited allocation to growth assets (diversified growth funds) which, although expected to outperform corporate bonds in the long-term, can introduce a degree of short-term volatility. The allocation to such assets is monitored to ensure it remains appropriate given the scheme's long-term objectives.

*Changes in bond yields* – a decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes although this is likely to be partially offset by an increase in the value of the scheme's bond holdings.

*Inflation risk* – the majority of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect against extreme inflation). While some of the scheme assets are either unaffected by, or only loosely correlated with, inflation, the scheme has an investment strategy to reduce the impact of inflation on the deficit by investing in a liability driven investment policy (see below).

*Life expectancy* – the majority of the scheme's obligations are to provide benefits for the life of the member, so an increase in life expectancy will increase the liabilities.

The Company and the trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes a liability driven investment policy which aims to reduce the volatility of the funding level of the plan by investing in assets such as index-linked gilts which perform in line with the liabilities of the plan so as to protect against inflation being higher than expected.

The trustees insure certain benefits payable on death before retirement.

**13. Pension Commitments** (continued)

Mercer Limited, NIE Networks' actuary, has provided a valuation of Focus under IAS 19 as at 31 December 2025 based on the following assumptions (in nominal terms) and using the projected unit credit method:

	2025	2024
Rate of increase in pensionable salaries (per annum)	2.9%	3.2%
Rate of increase in pensions in payment (per annum)	2.6%	2.8%
Discount rate (per annum)	5.5%	5.5%
Inflation assumption (CPI) (per annum)	2.6%	2.8%
Life expectancy:		
Current pensioners (at age 60) – males	25.6 years	26.6 years
Current pensioners (at age 60) – females	28.3 years	29.1 years
Future pensioners (at age 60) – males	27.6 years	28.5 years
Future pensioners (at age 60) – females	29.7 years	30.2 years

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

The valuation under IAS 19 at 31 December 2025 shows a net pension asset (before deferred tax) of £45.1m (2024 – £56.5m).

The table below shows the possible (increase) / decrease in the net pension asset that could result from changes in key assumptions:

	Increase in assumption		Decrease in assumption	
	2025 £m	2024 £m	2025 £m	2024 £m
0.5% change in rate of increase in pensionable salaries	(1.7)	(3.0)	1.9	3.0
0.5% change in rate of pensions in payments	(31.0)	(31.6)	31.5	32.2
0.5% change in annual discount rate	35.7	38.2	(37.1)	(39.9)
0.5% change in annual inflation rate (CPI)	(33.1)	(35.2)	32.4	35.5
1-year change in life expectancy	(22.7)	(20.9)	22.7	20.9

**Assets and Liabilities**

The Group and Company's share of the assets and liabilities of Focus are:

	Value at 31 December 2025 £m	Value at 31 December 2024 £m
Equities – quoted	-	49.9
Bonds – quoted**	194.8	215.3
Diversified growth funds – quoted	54.2	59.3
Multi-asset credit investments	545.9	497.0
Cash	19.4	19.1
<b>Total market value of assets</b>	<b>814.3</b>	<b>840.6</b>
Actuarial value of liabilities	(769.2)	(784.1)
<b>Net pension asset</b>	<b>45.1</b>	<b>56.5</b>

\*\* This is a Liability Driven Investment ('LDI') account which includes repurchase agreement liabilities. To reduce volatility risk, a liability driven investment (LDI) strategy forms part of the Trustee's management of the defined benefit scheme's assets, including government bonds, corporate bonds and derivatives. The government bond assets category in the table above includes gross assets of £194.8m (2024: £213.5m) and associated repurchase agreement liabilities of £291.7m (2024: £235.0m). Repurchase agreements are entered into with counterparties to better offset the scheme's exposure to interest and inflation rates, whilst remaining invested in assets of a similar risk profile. Interest rate and inflation rate derivatives are also employed to complement the use of fixed and index-linked bonds in matching the profile of the scheme's liabilities.

**13. Pension Commitments** (continued)**Changes in the market value of assets – Group and Company**

	2025 £m	2024 £m
Market value of assets at the beginning of the year	840.6	921.2
Interest income on scheme assets	44.6	42.8
Contributions from employer	5.6	6.5
Contributions from scheme members	0.2	0.2
Benefits paid	(61.9)	(64.0)
Administration expenses paid	(2.1)	(1.4)
Re-measurement losses on scheme assets	(12.7)	(64.7)
<b>Market value of assets at the end of the year</b>	<b>814.3</b>	<b>840.6</b>

**Changes in the actuarial value of liabilities – Group and Company**

	2025 £m	2024 £m
Actuarial value of liabilities at the beginning of the year	784.1	854.5
Interest expense on pension liability	41.4	39.5
Current service cost	2.2	2.9
Curtailment costs	-	0.1
Contributions from scheme members	0.2	0.2
Benefits paid	(61.9)	(64.0)
Effect of changes in demographic assumptions	(18.4)	-
Effect of changes in financial assumptions	(13.5)	(50.3)
Effect of experience adjustments	35.1	1.2
<b>Actuarial value of liabilities at the end of the year</b>	<b>769.2</b>	<b>784.1</b>

The curtailment cost arising in 2025 and 2024 reflects past service costs associated with employees leaving the company under a restructuring exit arrangement.

The Group expects to make contributions of approximately £2.7m to Focus in 2026.

The Group's share of the NIEPS service costs is allocated based on the pensionable payroll. Contributions from employer, interest cost liabilities, interest income on assets and experience gains or losses are allocated based on the Group's share of the NIEPS net pension asset/liability.

**Analysis of the amount charged to operating costs (before capitalisation)**

	2025 £m	2024 £m
Current service cost	2.2	2.9
Administration expenses paid	2.1	1.4
Curtailment costs	-	0.1
<b>Total operating charge</b>	<b>4.3</b>	<b>4.4</b>

Focus has been closed to new members since 1998 and therefore under the projected unit credit method the current service cost for members of this section as a percentage of salary will increase as they approach retirement age.

**13. Pension Commitments** *(continued)***Analysis of the amount charged to net pension scheme interest**

	2025 £m	2024 £m
Interest income on scheme assets	44.6	42.8
Interest expense on liabilities	(41.4)	(39.5)
Net pension scheme interest income	<u>3.2</u>	<u>3.3</u>

The actual return on focus assets was a profit of £31.9m for the Group and Company (2024 – Loss of £22.0m for the Group and Company).

**Analysis of amounts recognised in the Statement of Comprehensive Income**

	2025 £m	2024 £m
Re-measurement losses on scheme assets	(12.7)	(64.8)
Re-measurement (losses)/gains on scheme liabilities	(3.2)	49.1
Net losses	<u>(15.9)</u>	<u>(15.7)</u>

**14. Inventories**

	2025 £m	2024 £m
<b>Group and Company</b>		
Materials and consumables	<u>40.6</u>	<u>29.1</u>
	<u>40.6</u>	<u>29.1</u>

Inventories are stated net of a provision for obsolescence of £0.8m (2024: £1.3m).

**15. Trade and Other Receivables**

	2025 £m	2024 £m
<b>Group and Company</b>		
<b>Current</b>		
Trade receivables (including unbilled consumption)	64.6	67.0
Loss allowance	(0.2)	(0.3)
Trade receivables (net of provision)	<u>64.4</u>	<u>66.7</u>
Other receivables	1.9	0.1
Prepayments and accrued income	9.4	9.0
Amounts owed by fellow subsidiary undertakings (note 26)	<u>8.1</u>	<u>6.2</u>
	<u>83.8</u>	<u>82.0</u>

Trade receivables include amounts relating to unbilled consumption of £23.7m (2024 – £25.9m). The largest trade receivable at the year end, due from one customer, is £11.8m (2024 – £10.9m).

Trade receivables include £nil (2024 – £nil) in respect of contract assets arising from contracts with customers.

Trade receivables are stated net of an allowance of £0.2m (2024 – £0.3m) for estimated irrecoverable amounts based on the lifetime expected credit loss of the trade receivable referencing the Group's past default experience. There are no allowances for estimated irrecoverable amounts included in 'Amounts owed by fellow subsidiary undertakings' which consist of £nil (2024: £nil) of unsecured, interest-free and recoverable on demand amounts as well as £8.1m (2024: £6.2m) of balances on normal commercial terms and subject to the credit risk mitigations noted below.

	2025 £m	2024 £m
<b>Group and Company</b>		
At the beginning of the year	0.3	0.4
Increase/(Decrease) in allowance	0.1	(0.1)
Bad debts written off	(0.2)	-
<b>At the end of the year</b>	<u>0.2</u>	<u>0.3</u>

The allowance of £0.2m (2024 – £0.3m) reflects individual balances impaired based on past default experience.

The following shows an aged analysis of current trade receivables for the Group and Company:

	2025 £m	2024 £m
<b>Current</b>	<b>57.6</b>	<b>61.7</b>
Less than 30 days	0.9	0.8
30 - 60 days	0.4	0.4
60 - 90 days	0.6	0.7
+ 90 days	<u>4.9</u>	<u>3.4</u>
	<u>64.4</u>	<u>67.0</u>

The credit quality of trade receivables is assessed by reference to external credit ratings where available, otherwise historical information relating to counterparty default rates is used. The directors consider that the carrying amount of trade and other receivables approximates to fair value.

The Group's credit risk in respect of trade receivables from licensed electricity suppliers is mitigated by appropriate policies with security received in the form of cash deposits, letters of credit or parent company guarantees. Trade receivables are denominated in Sterling (£). With the exception of certain public bodies, payments in relation to new connections or alterations are received in advance of the work being carried out. Payments received on account are disclosed in note 17 to the financial statements. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables.

## 16. Cash and Cash Equivalents

### Group and Company

	2025 £m	2024 £m
Cash at bank and in hand	11.7	13.1
Short term deposits	20.0	105.3
	<b>31.7</b>	<b>118.4</b>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods of between one day and 90 days depending on the immediate cash requirements of the Group and Company and earn interest at the respective short-term deposit rates.

Included within cash at bank and in hand is £6.2m (2024: £5.3m) held in separate supplier security accounts. These balances are demand deposits but are restricted in use and are not freely available for general use by NIE Networks.

The directors consider that the carrying amount of cash and cash equivalents equates to fair value.

## 17. Trade and Other Payables

	Group		Company	
	2025 £m	2024 £m	2025 £m	2024 £m
Trade payables	25.5	29.1	25.5	29.1
Payments received on account	41.3	36.0	41.3	36.0
Amounts owed to fellow Group subsidiary undertakings (note 26)	-	2.2	-	2.2
Amounts owed to Company subsidiary undertakings	-	-	9.2	9.2
Tax and social security	3.0	5.9	3.0	5.9
Accruals	33.5	34.2	33.5	34.2
Other payables	6.0	4.7	6.0	4.7
Interest payable on £350m bond (Matured 2025)	-	1.6	-	1.6
Interest payable on £400m bond (Maturing 2026)	14.8	14.8	14.8	14.8
Interest payable on £350m bond (Maturing 2032)	1.7	1.7	1.7	1.7
Interest payable on £350m bond (Maturing 2035)	1.3	-	1.3	-
	<b>127.1</b>	<b>130.2</b>	<b>136.3</b>	<b>139.4</b>

The directors consider that the carrying amount of trade and other payables equates to fair value.

## 18. Deferred Income

### Group and Company

	Grants £m	Customers' contributions £m	Total £m
<b>Current</b>	0.4	21.6	22.0
<b>Non-current</b>	2.5	559.8	562.3
<b>Total at 1 January 2024</b>	<b>2.9</b>	<b>581.4</b>	<b>584.3</b>
Receivable	-	44.2	44.2
Released to income statement	(0.3)	(21.9)	(22.2)
<b>Current</b>	<b>0.3</b>	<b>24.7</b>	<b>25.0</b>
<b>Non-current</b>	<b>2.3</b>	<b>579.0</b>	<b>581.3</b>
<b>Total at 31 December 2024</b>	<b>2.6</b>	<b>603.7</b>	<b>606.3</b>
Receivable	-	37.7	37.7
Released to income statement	(0.3)	(23.1)	(23.4)
<b>Current</b>	<b>0.3</b>	<b>24.1</b>	<b>24.4</b>
<b>Non-current</b>	<b>2.0</b>	<b>594.2</b>	<b>596.2</b>
<b>Total at 31 December 2025</b>	<b>2.3</b>	<b>618.3</b>	<b>620.6</b>

## 19. Derivative Financial Instruments

### Group and Company - Interest rate swaps

	2025 £m	2024 £m
Current assets	23.4	1.3
Non-current assets	222.4	265.3
	<b>245.8</b>	<b>266.6</b>
Current liabilities	(23.4)	(1.3)
Non-current liabilities	(222.4)	(265.3)
	<b>(245.8)</b>	<b>(266.6)</b>

### 19. Derivative Financial Instruments *(continued)*

The Company has held a £550m portfolio of inflation-linked interest rate swaps (the RPI swaps) since December 2010. The fair value of inflation linked interest rate swaps is affected by relative movements in interest rates and market expectations of future RPI movements.

The RPI swaps were originally put in place by the Viridian Group (the Group's previous parent undertaking) in 2006 to better match NIE Networks' debt and related interest payments with its inflation-linked regulated assets and associated revenue – in the nature of an economic hedge. As part of the acquisition of NIE Networks by ESB in 2010, the swaps were novated to NIE Networks.

In 2011, following the novation of the swaps to NIE Networks, the Company entered into back-to-back RPI linked interest rate swap arrangements with ESBNI, the immediate parent undertaking of the Company, which had identical matching terms to the swaps. The back-to-back matching swaps with ESBNI ensures that there is no net effect on the financial statements of the Company and that any risk to financial exposure is borne by ESBNI.

In January 2025, the Company and its counterparty banks agreed a further restructuring of the swaps, including amendments to certain critical terms and entering new offsetting on-market RPI swaps to crystallise the existing marked-to-market position and pay the swaps down over a period of twelve years. These changes included removal of the mandatory 2025 break period for the swaps maturing in 2036, amendments to the fixed interest rate element of the swaps and a change to the number of swap counterparties. The new portfolio of swaps mirrors the restructured existing profile and whilst paying a variable rate it also incorporates an additional fixed spread component creating a set repayment profile over the life over the swaps. These restructuring costs totalled £4.7m and will be amortised over the remaining life of the swaps. The Company's back-to-back matching swaps with ESBNI were also restructured to ensure that there is no effect on the financial statements of the Company and that any risk to financial exposure is borne by ESBNI.

Positive mark to market movements on the swap portfolio totalled £245.7m (2024: £266.5m) during the year and semi-annual payments £47.6m (2024: £1.2m). Given the back-to-back matching swaps with ESBNI, there is a matching negative fair value movement of £245.7m (2024: £266.1m) in 2025. Due to the back-to-back arrangements with ESBNI, no net swap interest cost arises on these transactions and therefore they have been netted in finance costs.

The fair value of interest rate swaps has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations. The Company uses the hierarchy as set out in IFRS 13 Fair Value Measurement. All assets and liabilities for which fair value is disclosed are categorised within the fair value hierarchy described as follows:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

The fair value of interest rate swaps as at 31 December 2025 is considered by the Company to fall within the level 2 fair value hierarchy. The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between level 1 or 3 of the hierarchy during the period.

### 20. Other Financial Liabilities

	Group		Company	
	2025 £m	2024 £m	2025 £m	2024 £m
<b>Current</b>				
Interest payable to group undertakings	0.2	-	0.2	-
£350m bond (2.500%) (matured 2025)	-	349.8	-	-
£400m bond (6.375%) (maturing 2026)	399.9	-	-	-
Amounts owed to subsidiary undertaking	-	-	399.9	349.8
	<b>400.1</b>	<b>349.8</b>	<b>400.1</b>	<b>349.8</b>
<b>Non-current</b>				
£400m bond (6.375%) (maturing 2026)	-	399.7	-	-
£350m bond (5.875%) (maturing 2032)	346.9	346.6	-	-
£350m bond (5.750%) (maturing 2035)	347.5	-	-	-
Amounts owed to subsidiary undertaking	-	-	694.4	746.3
	<b>694.4</b>	<b>746.3</b>	<b>694.4</b>	<b>746.3</b>

Loans and other borrowings outstanding are repayable as follows:

Group and Company	2025	2024
	£m	£m
In one year or less or on demand	400.1	349.8
Between two and five years	-	399.7
In more than five years	694.4	346.6
	<b>1,094.5</b>	<b>1,096.1</b>

Other financial liabilities are held at amortised cost.

The principal features of the Group's borrowings are as follows:

- the 15 year £400m bond is repayable in 2026 and carries a fixed rate of interest of 6.375% which is payable annually in arrears on 2 June. The bond issue incurred £2.1m of costs associated with raising finance. In back-to-back arrangements, NIE Finance PLC has a loan of £400m with the Company, which was issued net of £2.1m of costs associated with raising finance. Interest is paid on the loan at a fixed rate of 6.375% annually in arrears on 2 June;
- the 10 year £350m bond is repayable in 2032 and carries a fixed rate of interest of 5.875% which is payable annually in arrears on 1 December. The bond issue incurred £4.0m of costs associated with raising finance. In back-to-back arrangements, NIE Finance PLC has a loan of £350m with the Company, which was issued net of £4.0m of costs associated with raising finance. Interest is paid on the loan at a fixed rate of 5.875% annually in arrears on 1 December.
- the 10 year £350m bond is repayable in 2035 and carries a fixed rate of interest of 5.750% which is payable annually in arrears on 27 October. The bond issue incurred £1.9m of costs associated with raising finance. In back-to-back arrangements, NIE Finance PLC has a loan of £350m with the Company, which was issued net of £1.9m of costs associated with raising finance. Interest is paid on the loan at a fixed rate of 5.750% annually in arrears on 27 October; and

The £400m (maturing 2026), £350m (maturing 2032) and £350m (maturing 2035) bonds, which are listed on the London Stock Exchange's regulated market, had fair values at 31 December 2025 of £418.5m (2024 – £422.4m), £368.6m (2024 – £361.2m) and £360.2m respectively, based on current market prices. The Company's back-to-back loans had a fair value at 31 December 2025 of £418.5m (2024 – £422.4m), £368.6m (2024 – £361.2m) and £360.2m respectively based on the fair value of the £400m, £350m and £350m bonds.

The fair value of bonds as at 31 December 2025 is considered by the Company to fall within the level 1 fair value hierarchy (defined within note 19). There have been no transfers between levels in the hierarchy during the year.

**20. Other Financial Liabilities** (continued)

Given that 100% (2024 – 100%) of Group and Company borrowings carry fixed interest rates, the Group and Company are not significantly exposed to movements in interest rates during the year.

The table below summarises the maturity profile of the Group's financial liabilities (excluding tax and social security) based on contractual undiscounted payments:

**Group****At 31 December 2025**

	On demand	Within 1 Year	1 to 5 years	More than 5 years	Total
	£m	£m	£m	£m	£m
£400m bond (maturing 2026)	-	400.0	-	-	400.0
£350m bond (maturing 2032)	-	-	-	350.0	350.0
£350m bond (maturing 2035)	-	-	-	350.0	350.0
Trade and other payables	41.3	101.6	142.2	121.3	406.4
Interest rate swap liabilities	-	23.4	183.0	43.8	250.2
Lease Liabilities	-	4.4	11.0	8.2	23.6
	<b>41.3</b>	<b>529.4</b>	<b>336.2</b>	<b>873.3</b>	<b>1,780.2</b>

## At 31 December 2024

	On demand	Within 1 Year	1 to 5 years	More than 5 years	Total
	£m	£m	£m	£m	£m
£400m bond (maturing 2026)	-	-	400.0	-	400.0
£350m bond (matured 2025)	-	350.0	-	-	350.0
£350m bond (maturing 2032)	-	-	-	350.0	350.0
Trade and other payables	36.0	94.2	107.8	20.6	258.6
Interest rate swap liabilities	-	1.3	273.5	58.7	333.5
Lease Liabilities	-	3.0	7.3	8.8	19.1
	<b>36.0</b>	<b>448.5</b>	<b>788.6</b>	<b>438.1</b>	<b>1,711.2</b>

The table below summarises the maturity profile of the Company's financial liabilities (excluding tax and social security) based on contractual undiscounted payments.

**Company****At 31 December 2025**

	On demand	Within 1 Year	1 to 5 years	More than 5 years	Total
	£m	£m	£m	£m	£m
Amounts owed to subsidiary undertaking	9.2	400.0	-	700.0	1,109.2
Trade and other payables	41.3	101.6	142.2	121.3	406.4
Interest rate swap liabilities	-	23.4	183.0	43.8	250.2
Lease Liabilities	-	4.4	11.0	8.2	23.6
	<b>50.6</b>	<b>529.4</b>	<b>336.2</b>	<b>873.2</b>	<b>1,789.4</b>

## At 31 December 2024

	On demand	Within 1 Year	1 to 5 years	More than 5 years	Total
	£m	£m	£m	£m	£m
Amounts owed to subsidiary undertaking	9.2	350.0	400.0	350.0	1,109.2
Trade and other payables	36.0	94.2	107.8	20.6	258.6
Interest rate swap liabilities	-	1.3	273.5	58.7	333.5
Lease Liabilities	-	3.0	7.3	8.8	19.1
	<b>45.2</b>	<b>448.5</b>	<b>788.6</b>	<b>438.1</b>	<b>1,720.4</b>

**21. Analysis of Net Debt****Group**

	At 1 January 2025	Cash flow	Non-cash movement	At 31 December 2025
	£m	£m	£m	£m
Cash and cash equivalents	118.4	(86.7)	-	31.7
Interest payable to group undertaking	-	0.7	(0.9)	(0.2)
£400m bond (6.375%) (maturing 2026)	(399.7)	-	(0.2)	(399.9)
£350m bond (2.500%) (matured 2025)	(349.8)	350.0	(0.2)	-
£350m bond (5.875%) (matured 2032)	(346.6)	-	(0.3)	(346.9)
£350m bond (5.750%) (matured 2035)	-	(347.5)	-	(347.5)
Lease liabilities	(19.1)	4.9	(9.4)	(23.6)
	<b>(996.8)</b>	<b>(78.6)</b>	<b>(11.0)</b>	<b>(1,086.4)</b>

**Company**

	At 1 January 2025	Cash flow	Non-cash movement	At 31 December 2025
	£m	£m	£m	£m
Cash and cash equivalents	118.4	(86.7)	-	31.7
Interest payable to group undertaking	-	0.7	(0.8)	(0.1)
Amounts owed to subsidiary undertaking	(1,096.1)	2.5	(0.8)	(1,094.4)
Lease liabilities	(19.1)	4.9	(9.4)	(23.6)
	<b>(996.8)</b>	<b>(78.6)</b>	<b>(11.0)</b>	<b>(1,086.4)</b>

**Group**

	At 1 January 2024	Cash flow	Non-cash movement	At 31 December 2024
	£m	£m	£m	£m
Cash and cash equivalents	152.0	(33.6)	-	118.4
Interest payable to group undertaking	-	0.2	(0.2)	-
£400m bond (6.375%) (maturing 2026)	(399.5)	-	(0.2)	(399.7)
£350m bond (2.500%) (matured 2025)	(349.5)	-	(0.3)	(349.8)
£350m bond (5.875%) (matured 2032)	(346.3)	-	(0.3)	(346.6)
Amounts owed to group undertaking	(16.9)	4.0	(6.2)	(19.1)
Lease liabilities	-	-	-	-
	<b>(960.2)</b>	<b>(29.4)</b>	<b>(7.2)</b>	<b>(996.8)</b>

**Company**

	At 1 January 2024	Cash flow	Non-cash movement	At 31 December 2024
	£m	£m	£m	£m
Cash and cash equivalents	152.0	(33.6)	-	118.4
Interest payable to group undertaking	-	0.2	(0.2)	-
Amounts owed to subsidiary undertaking	(1,095.3)	-	(0.8)	(1,096.1)
Lease liabilities	(16.9)	4.0	(6.2)	(19.1)
	<b>(960.2)</b>	<b>(29.4)</b>	<b>(7.2)</b>	<b>(996.8)</b>

## 22. Provisions

Group and Company	Environment £m	Asset Retirement Obligation £m	Liability and damage claims £m	Total £m
<b>Current</b>	0.2	-	1.7	1.9
<b>Non-current</b>	1.0	29.0	2.9	32.9
<b>Total at 1 January 2024</b>	1.2	29.0	4.6	34.8
Utilised in the year	-	-	(0.9)	(0.9)
Increase in provisions	-	0.9	0.2	1.1
Unwinding of discount on provision	-	1.3	-	1.3
Change in assumptions	-	(11.8)	-	(11.8)
<b>Current</b>	0.2	-	1.9	2.1
<b>Non-current</b>	1.0	19.5	1.9	22.4
<b>Total at 31 December 2024</b>	1.2	19.5	3.8	24.5
Utilised in the year	-	-	(0.8)	(0.8)
Increase in provisions	-	0.6	0.9	1.5
Unwinding of discount on provision	-	0.9	-	0.9
Change in assumptions	-	(1.2)	-	(1.2)
<b>Current</b>	0.2	-	1.9	2.1
<b>Non-current</b>	1.0	19.8	2.0	22.8
<b>Total at 31 December 2025</b>	1.2	19.8	3.9	24.9

### Environment

Provision has been made for expected costs of decontamination and demolition arising from obligations in respect of power station sites formerly owned by the Group. It is anticipated that the expenditure relating to the non-current portion of the provision will take place within the next five years.

### Asset Retirement Obligation

The Group provision at 31 December 2025 of £19.8m (2024: £19.5m) for asset retirement obligations represents the present value of the current estimate of the costs arising from certain obligations in relation to the retirement and decommissioning of creosote treated wood poles at the end of their useful economic lives. Creosote treated wood poles in the network are expected to be disposed over a period of 40 years. There is significant judgement in estimating the level of provision as operational plans and the cost of disposal may change significantly in the future as a result of environmental legislation or pole condition given the length of time over which they are held. Such changes could materially impact the level of provision required. The Group has made its best estimate of the financial effect of these uncertainties in determining the level of provision required, but future material changes in any of the assumptions could materially impact on the calculation of the provisions. As the costs are provided on a discounted basis, a financing charge will be included in the income statement and credited to the provision each year. The asset retirement provision will be re-examined annually and the liability recalculated in accordance with the most recent expected estimate. Expected future cash flows are discounted to present values using an appropriate pre-tax discount rate.

## 22. Provisions (continued)

The table below shows the possible increase / (decrease) in the asset retirement obligation that could result from changes in key assumptions:

	Increase in assumption		Decrease in assumption	
	2025 £m	2024 £m	2025 £m	2024 £m
0.1% change in risk-free rate	(0.5)	(0.5)	0.5	0.5
1.0% increase/decrease in inflation rate	(3.4)	0.2	3.4	(0.2)
One year change in disposal profile	(0.8)	(0.6)	0.7	0.6

### Liability and damage claims

Notwithstanding the intention of the directors to defend vigorously claims made against the Group, liability and damage claim provisions have been made which represent the directors' best estimate of costs expected to arise from ongoing third-party litigation and employee matters. The non-current element of these provisions is expected to be utilised within a period not exceeding five years.

## 23. Share Capital and Equity

	Group		Company	
	2025 £m	2024 £m	2025 £m	2024 £m
Share capital	36.4	36.4	36.4	36.4
Share premium	24.4	24.4	24.4	24.4
Capital redemption reserve	6.1	6.1	6.1	6.1
Retained earnings	606.3	573.3	605.8	572.8
	<b>673.2</b>	640.2	<b>672.7</b>	639.7

The balance classified as share capital comprises the nominal value of the Company's equity share capital.

The balance classified as share premium records the total net proceeds on the issue of the Company's equity share capital less the nominal value of the share capital.

The balance classified as capital redemption reserve arises from the legal requirement to maintain the capital of the Company following the return of that amount of capital to shareholders on 2 August 1995.

### Allotted and fully paid share capital:

	2025 £m	2024 £m
145,566,431 ordinary shares of 25p each	36.4	36.4

### Dividend

The following dividends were paid by the Company

	2025 £m	2024 £m
18.7 pence per allotted share (2024 – 36.8 pence)	27.2	53.6

## 24. Commitments and Contingent Liabilities

### (i) Capital commitments

At 31 December 2025 the Group and Company had contracted future capital expenditure in respect of property, plant and equipment of £79.4m (2024 – £46.7m) and computer assets of £7.5m (2024 – £4.7m).

### (ii) Contingent liabilities

In the normal course of business, the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 22) when the directors believe that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end.

## 25. Financial Commitments

In June 2011, November 2022 and May 2025 NIE Finance PLC, a subsidiary undertaking of the Company, issued £400m, £350m and £350m bonds which were settled in June 2011, November 2022 and May 2025 respectively on behalf of the Company. The Bonds have been admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market. The payments of all amounts including interest in respect of the £400m, £350m and £350m bonds are unconditionally and irrevocably guaranteed by the Company.

## 26. Related Party Disclosures

### Remuneration of key management personnel

The compensation paid to key management personnel is set out below. Key management personnel of the Group comprise the directors of the Company and the executive team.

	2025 £m	2024 £m
Salaries and short-term employee benefits	2.3	2.6
Post-employment benefits	0.5	0.5
	<u>2.8</u>	<u>3.1</u>

### Parent undertaking and Ultimate controlling party

The immediate parent undertaking of the Group and the ultimate parent company in the UK is ESBNI Limited (ESBNI). The ultimate parent undertaking and controlling party of the Group and the parent of the smallest and largest group of which the Company is a member and for which group financial statements are prepared is Electricity Supply Board (ESB), a statutory corporation established under the Electricity (Supply) Act 1927 domiciled in the ROI. A copy of ESB's financial statements is available from ESB's registered office at 27 Fitzwilliam Street Lower, Dublin 2, DO2 KT92, Ireland. A full list of the subsidiary undertakings of ESB is included in its financial statements.

Related parties of the Company also include the subsidiaries listed in note 12.

Transactions between the Group and related parties together with the balances outstanding are disclosed below:

	Interest charges £m	Revenue from related party £m	Charges from related party £m	Other transactions with related party £m	Amounts owed by related party at 31 December £m	Amounts owed to related party at 31 December £m
<b>Year ended 31 December 2025</b>						
ESB	(0.8)	-	-	-	-	-
ESB subsidiaries	-	37.4	(4.8)	(27.2)	8.1	-
	<u>(0.8)</u>	<u>37.4</u>	<u>(4.8)</u>	<u>(27.2)</u>	<u>8.1</u>	<u>-</u>
<b>Year ended 31 December 2024</b>						
ESB	(0.2)	-	-	-	-	-
ESB subsidiaries	-	42.5	(4.4)	(53.6)	6.2	2.2
	<u>(0.2)</u>	<u>42.5</u>	<u>(4.4)</u>	<u>(53.6)</u>	<u>6.2</u>	<u>2.2</u>

## 26. Related Party Disclosures (continued)

Transactions with ESB Group undertakings are determined on an arm's length basis and outstanding balances with ESB Group undertakings are unsecured, except for those amounts covered by standard commercial risk mitigations as detailed in Note 15. Interest charges and amounts owed to ESB relate to the RCF provided by ESB. Revenue from and amounts owed by ESB subsidiaries primarily arise from regulated sales to ESB subsidiaries. Charges from and amounts owed to ESB subsidiaries primarily arise from services purchased. Other transactions with related parties shown above relate to dividends paid to the shareholder. Amounts in relation to the back-to-back swaps with ESBNI are detailed in note 19.

### Other related parties

During the year the Group and Company contributed £23.0m (2024 – £22.0m Group and Company) to NIEPS in respect of Focus and Options employer contributions.

## 27. Post Balance Sheet Events

On 27 January 2026, NIE Networks priced a £600m, 5.875% coupon, 15.5 year bond with settlement date 3 February 2026 under its EMTN programme.

### Alternative Performance Measures

The Group reports certain alternative performance measures (APMs) that are used by management and investors to assess the performance and financial position of the Group. The key APMs used by the Group are as follows:

#### A. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTISATION (EBITDA)

**Definition:** Financial measure of operating performance.

**Reconciliation:** Operating profit before interest, taxation, depreciation, impairment, amortisation and exceptional items.

		31 December 2025 £m	31 December 2024 £m
Operating Profit	Group Income Statement	150.5	227.0
Amortisation of Customer Contribution	Note 18	(23.1)	(21.9)
Depreciation and Amortisation	Note 4	110.8	103.0
<b>EBITDA</b>		<b>238.2</b>	<b>308.1</b>

#### B. CAPITAL EXPENDITURE

**Definition:** Financial measure of the net amount of funds used to acquire, upgrade and maintain fixed assets.

**Reconciliation:** Property, plant and equipment and Intangible asset additions less customer contributions.

		31 December 2025 £m	31 December 2024 £m
Property, Plant and Equipment (PPE) Additions	Note 9	273.4	233.5
Intangible Additions	Note 9	10.7	12.4
Gross Capital Expenditure		284.1	245.9
Customer Contributions in respect of PPE	Cashflow	(37.7)	(44.2)
<b>Capital Expenditure</b>		<b>246.4</b>	<b>201.7</b>

#### C. REGULATORY ASSET BASE (RAB)

**Definition:** Valuation of the transmission and distribution networks related assets for regulatory purposes.

**Reconciliation:** An estimate of the initial market value of the regulatory asset base at privatisation plus all subsequent allowed additions to it at historical cost minus annual depreciation amounts, calculated in accordance with the UR's established regulatory methodology.

##### Regulatory Asset Base (RAB)

RAB @ 31 December 2024	£2.3790 billion
RAB @ 31 December 2025	£2.5600 billion

#### D. NET DEBT

**Definition:** Financial measure which indicates the overall debt situation of the Guarantor.

**Reconciliation:** Sum of other current and non-current financial liabilities less Cash and cash equivalents.

		31 December 2025 £m	31 December 2024 £m
Other financial liabilities (current)	Balance Sheet	400.1	349.8
Other financial liabilities (non-current)	Balance Sheet	694.4	746.3
Cash and Cash equivalents	Balance Sheet	(31.7)	(118.4)
Lease financial liabilities	Balance Sheet	23.6	19.1
<b>Net Debt</b>	Note 21	<b>1,086.4</b>	<b>996.8</b>

#### E. NET DEBT / RAB %

**Definition:** Financial measure in the form of a leverage ratio used to evaluate the financial position of a regulated utility.

**Reconciliation:** Net Debt divided by RAB.

		31 December 2025 £m	31 December 2024 £m
Net Debt	Note 21	1,086.4	996.8
RAB	APM C	2,560.0	2,379.0
<b>Net Debt/ RAB % (gearing)</b>		<b>42.4%</b>	<b>41.9%</b>

#### F. FFO / DEBT %

**Definition:** Financial measure in the form of a leverage ratio used to evaluate a company's financial risk.

**Reconciliation:** Funds From Operations (FFO) divided by Debt as published by S&P Global Ratings. FFO is defined per Guarantor's financial statements as operating profit, add back depreciation and amortisation, add back pension administration costs, curtailments and past service credits minus amortisation of customer contributions and tax paid. Debt is defined as gross financial debt (including items such as bank loans, debt capital market instruments, and finance leases) minus surplus cash (plus or minus all applicable adjustments).

		31 December 2025 £m	31 December 2024 £m
Net Debt	Note 21	1,086.4	996.8
Add ARO Provision Adjustment		14.8	14.6
<b>Adjusted Net Debt</b>		<b>1,101.2</b>	<b>1,011.4</b>
EBITDA	APM A	238.2	308.8
Pension admin costs		2.1	1.5
Gain/Loss on disposals of PP&E	Cashflow	-	(0.3)
Tax (Paid)/Received	Cashflow	13.9	(20.0)
Group Relief		10.7	(12.2)
Gross interest paid	Cashflow	(68.6)	(55.9)
<b>FFO</b>		<b>196.3</b>	<b>221.9</b>
<b>FFO / Debt %</b>		<b>17.8%</b>	<b>21.9%</b>

#### G. FUNDS FROM OPERATIONS (FFO) INTEREST COVER (TIMES)

**Definition:** Financial measure of FFO to interest paid and which provides information as to the ability to fund interest payments from cash flows generated by operations.

**Reconciliation:** FFO, divided by interest paid.

		31 December 2025 £m	31 December 2024 £m
FFO	APM F	196.3	221.9
Add: Gross interest paid	Cashflow	(68.6)	(55.9)
FFO Pre Gross Interest Paid		264.9	277.9
<b>FFO Interest Cover</b>		<b>3.9x</b>	<b>5.0x</b>

## Glossary of Terms

<b>A&amp;RC</b> - Audit and Risk Committee	<b>NI</b> - Northern Ireland
<b>BiTC</b> - Business in the Community	<b>NZEB</b> - Nearly Zero Energy Buildings
<b>CCNI</b> - Consumer Council for Northern Ireland	<b>PPP Plan</b> - People, Planet, Places
<b>CEAP</b> - Consumer Engagement Advisory Panel	<b>PSO</b> - Public Service Obligation
<b>CIPD</b> - Chartered Institute of Personnel and Development	<b>RCF</b> - Revolving Credit Facility
<b>CML</b> - Customer Minutes Lost	<b>RMC</b> - Risk Management Committee
<b>CSR</b> - Corporate Social Responsibility	<b>ROI</b> - Republic of Ireland
<b>CSRD</b> - Corporate Sustainability Reporting Directive	<b>RP6</b> - Regulatory Period Six
<b>DAERA</b> - Department of Agriculture, Environment and Rural Affairs	<b>RP7</b> - Regulatory Period Seven
<b>DD</b> - Draft Determination	<b>RPI</b> - Retail Price Index
<b>DER</b> - Distributed Energy Resources	<b>RSPB</b> - Royal Society for the Protection of Birds
<b>DfE</b> - Department for the Economy	<b>SECR</b> - Streamlined Energy and Carbon Reporting
<b>DSO</b> - Distribution System Operator	<b>SF6</b> - Sulphur Hexafluoride
<b>EDSO</b> - European Distribution System Operators	<b>SONI</b> - SONI Limited
<b>EMTN</b> - Euro Medium Term Note	<b>SSG</b> - Small Scale Generation
<b>ENA</b> - Energy Networks Association	<b>tCO<sub>2</sub>e</b> - Tonnes of carbon dioxide equivalent
<b>ESB</b> - Electricity Supply Board	<b>TCV</b> - The Conservation Volunteers
<b>ESBNI</b> - ESBNI Limited	<b>Totex</b> - Total operational and capital expenditure
<b>ESG</b> - Environmental, Social and Governance	<b>UoS</b> - Use of System
<b>EY</b> - Ernst & Young	<b>UK</b> - United Kingdom
<b>FD</b> - Final Determination	<b>UR</b> - Utility Regulator
<b>FRC</b> - Financial Reporting Council	
<b>GHG</b> - Greenhouse Gas	
<b>HSENI</b> - Health and Safety Executive Northern Ireland	
<b>ICP</b> - Independent Connection Provider	
<b>IIP</b> - Investors in People	
<b>IT</b> - Information technology	
<b>JAM</b> - Just a Minute	
<b>KPIs</b> - Key Performance Indicators	
<b>LPG</b> - Liquefied Petroleum Gas	
<b>LTIs</b> - Lost Time Incidents	
<b>LSG</b> - Large Scale Generation	
<b>NICS</b> - Northern Ireland Civil Service	
<b>NEDs</b> - Non-Executive Directors	
<b>NIE Networks</b> - Northern Ireland Electricity Networks	
<b>NIEA</b> - Northern Ireland Environment Agency	
<b>NIEPS</b> - Northern Ireland Electricity Pension Scheme	





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