

ELECTRICITY NORTH WEST LIMITED

Annual Report and Consolidated Financial Statements

for the 9 month period ended 31 December 2025

Registered No. 02366949

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Cautionary statement regarding forward-looking statements

Some of the statements contained herein are forward-looking statements about Electricity North West Limited ("**the Company**") and its subsidiaries (together referred to as "**the Group**"), and Iberdrola, S.A.'s strategic plans. Although Electricity North West Limited believes that the expectations reflected in such statements are reasonable, the statements are not guarantees of future performance and undue reliance should not be placed on them.

Regulatory reporting and regulatory audits for the period ended 31 December 2025

Certain regulatory performance data contained in this Annual Report remains subject to regulatory audit by the Office of Gas and Electricity Markets ("**Ofgem**"). The final regulatory reporting pack for the year ended 31 March 2026 is not due for submission to Ofgem until July 2026, and will be reviewed by Ofgem after that date.

Website and investor relations

The Company's website, www.enwl.co.uk, gives additional information on the Company and Group. Notwithstanding the references we make in this Annual Report to the website, none of the information made available on the website constitutes part of this Annual Report or shall be deemed to be incorporated by reference herein. Interested institutional debt investors can also gain access to additional financial information by visiting our website www.enwl.co.uk under 'About-us > Investor-relations'.

STRATEGIC REPORT

The directors present their Strategic Report for Electricity North West Limited (“the Company” or “ENWL”) and its subsidiaries (together referred to as “the Group”) for the 9 month period ended 31 December 2025. This includes an overview of the Group, strategic outlook including current period performance, and principal risks and uncertainties.

The immediate parent of the Company is North West Electricity Network plc (“NWEN plc”). The Company is part of the sub-group headed by Electricity North West (Holdings) Limited (“ENW(H)”), formerly North West Electricity Networks (Jersey) Limited. In the prior year, Scottish Power Energy Networks Holdings Limited (“SPENH”) acquired 88% of the shares of ENW(H), with control commencing from 20 March 2025 following approval of the acquisition by the Competitions and Markets Authority. The remaining 12% of the shares are retained by KDM Power Limited. **Scottish Power Limited (“SPL”) is the United Kingdom (“UK”) holding company of the Scottish Power Limited group (“ScottishPower”), of which the Company is a member. The ultimate parent of the Company is Iberdrola, S.A. (“Iberdrola”), one of the largest utility companies in the world.**

On 30 September 2025, the accounting reference date of the Company was changed from 31 March to 31 December, therefore, this report covers the 9 month period from 1 April 2025 to 31 December 2025. The comparative figures are for the year ended 31 March 2025 and, therefore, are not directly comparable to the current period due to the difference in length of reporting period. This change was implemented to align the Company's financial reporting period with that of the wider Iberdrola group.

GROUP OVERVIEW

The principal activity of the Company is as the distribution network operator (“DNO”) for the North West of England. It owns, invests in, operates and maintains the network of poles, wires, transformers and cables, transporting electricity from the national grid and locally connected generation for electricity supply companies for onward sales to homes and businesses across the North West, together with the telecommunications network that controls the distribution network remotely. It serves approximately 5 million customers at 2.4 million domestic and industrial locations and has around 2,400 employees working to provide a constant, safe and reliable electricity supply.

As a DNO, the Company is a natural monopoly and is governed by The Office of Gas and Electricity Markets (“Ofgem”), via a regulatory price control. Price controls are the method by which the amount of allowed revenue is set for DNOs over the period of the price control. Price control processes are designed to cover each DNO's efficient costs and allow them to earn a reasonable return, provided they act in an efficient manner, deliver value for customers, and meet Ofgem targets. Ultimately, it is the customer that funds the business, charged through their electricity suppliers. The primary objective of the regulation is the **protection of consumers' interests while ensuring that demand can be met and DNOs are able to finance** their activities. Price controls are delivered on a regulatory year basis from April to March. Therefore, the majority of the Company's performance and key deliverables are measured and reported on this basis.

During the period, the following changes to financing arrangements have been implemented:

- In July 2025, a letter of support from **Scottish Power UK plc (“SPUK”), a member of the Iberdrola group**, that provided the ENW(H) group with a £500m commitment to the earlier of the ENW(H) group securing alternative financing or 31 December 2026;
- **In August 2025, the £250m revolving credit facility (“RCF”) due to expire in April 2027 in the Company** was cancelled and replaced with a £250m RCF from SPUK, due to expire in April 2027; and
- In December 2025, the £100m loan from **the European Investment Bank (“EIB”)** was amended, with Iberdrola issuing a guarantee to EIB, resulting in the removal of the financial covenants and reducing the rate on one of the £50m utilisations from 0.38%+RPI to 0.26%+RPI. The other £50m utilisation remains at 0%. ENWL will pay Iberdrola an annual fee of 0.087% in exchange for the guarantee, while the EIB loan is outstanding.

STRATEGIC REPORT (continued)

There have been no significant changes to the activity of the Group or Company in the 9 month period ended 31 December 2025, nor are there any confirmed future changes.

STRATEGIC OUTLOOK

Regulatory framework (RIIO-ED2, RIIO-ED3) and net zero transition

The third year of the five-year RIIO-ED2 (Revenue = Incentives + Innovation + Outputs) distribution price control period commenced on 1 April 2025. The Company is proud of its performance in the second year of RIIO-ED2 which ended on 31 March 2025, delivering on its commitments and demonstrating strong performance against its targets, which are measured on a regulatory year basis, from April to March.

Investment in innovation continues to be aimed at ensuring the development and availability of appropriate technology to meet the changing demands of electricity supply and the challenge of achieving a low carbon future, at a price customers can afford.

The RIIO-ED2 regulatory period is marked by a significant increase in expenditure compared to the previous regulatory price control period. Delivering this increased investment in the network and supporting the transition to net zero are key challenges for the Company. The net zero transition will result in increased network demands by 2050, driven by both renewable generation connections and electric vehicle and heat pump demands. A key challenge in RIIO-ED2 is to provide the capacity for customers to adopt these technologies. The RIIO-ED2 business plan also includes plans to improve network reliability and resilience, and to look after customers in vulnerable circumstances.

Purpose, Vision and Principles

The Group has a Purpose statement, Vision statement, set of Principles and focus areas embedded within the business ethos to steer business performance.

The Purpose statement '***Together we have the energy to transform our communities***' reflects the essential role we play in the North West and in the lives of its customers, acknowledging how our role is changing alongside the needs of our customers. We aim to take a responsible approach in everything we do, including how we treat and support our customers, our environment, our communities and our people.

The Vision statement, to '***Lead the North West to net zero***', is in acknowledgement of the climate challenge and our role in supporting the transition to a low carbon economy. As a DNO, we are uniquely positioned to enable this transition and are focusing on three main areas to make it happen, at the lowest cost to customers: investing and innovating to make sure the network is fit for the future; making new connections as quick and easy as possible to help customers play their part while ensuring no one is left behind; and continuing to improve the reliability of the network, which is fundamental as we all become even more reliant on electricity.

The Principles, '***We are switched on; We are adaptable; We take pride***', capture the cultural framework required for the Group to deliver its Purpose and Vision.

The Group has four key focus areas: Health, safety & environment; Network reliability; Customer; and People.

STRATEGIC REPORT (continued)

Financial review and key performance indicators

The table below provides key financial information relating to the Group's performance during the period. Given the change to the accounting reference date (see page 1), the current period and prior year figures are not directly comparable due to the difference in length of reporting period.

Revenue (Note 4)		Profit before tax and fair value movements ¹		Net debt (Note 34)		Capital investment ²	
9 months to Dec 25	12 months to Mar 25	9 months to Dec 25	*Restated 12 months to Mar 25	At Dec 25	*Restated At Mar 25	9 months to Dec 25	12 months to Mar 25
£m	£m	£m	£m	£m	£m	£m	£m
526.0	654.4	150.2	206.8	(1,475.3)	(1,445.5)	325.4	373.9

*The comparative information has been restated, see Note 1 of the financial statements for more details.

¹ Profit before tax and fair value movements comprises profit before income tax of £122.3m (Mar 2025: £248.4m) (refer to the consolidated statement of profit or loss and other comprehensive income on page 39) adjusted for the unrealised fair value loss of £27.9m (Mar 2025: £41.6m gain) (Note 9 of the financial statements).

² Capital investment comprises the aggregate of property, plant and equipment additions of £310.0m (Mar 2025: £358.7m) (Note 11 of the financial statements) and intangible asset additions of £15.4m (Mar 2025 £15.2m) (Note 13 of the financial statements).

Revenue

Predominantly, revenue is Distribution Use of System ("DUoS") revenue, which is driven by demand, inflation and allowed revenue adjustments relating to the under or over recovery of revenue in previous years. The allowed revenue set by Ofgem is recovered against an estimated level of electricity demand across the network. Given the difficulty of predicting this demand, there is either an over or an under recovery against planned revenue each regulatory year, ending 31 March, which is reflected in revenue as it arises and is corrected through adjustments to revenue in future years, **in accordance with Ofgem's price setting mechanism**. DUoS revenue for the 9 months to 31 December 2025 was running at a higher level than the 12 months to 31 March 2025 because the regulatory year beginning 1 April 2025 has higher average distribution charges in comparison to the previous regulatory year. This increase in pricing resulted from a greater forecast allowed revenue at the time of setting prices.

Profit before tax and fair value movements

Profit before tax and fair value movements provides a closer indication of underlying performance due to the exclusion of the unrealised fair value movements on derivatives, which do not directly relate to the operations of the business. The movement in profit before tax and fair value in the period reflects the higher revenue being offset by the impact of the revised **estimated useful economic life ("UEL") and amortisation** period of several asset classes (for detail see Note 1 of the financial statements).

Net debt

The Group has debt in issue in the public bond markets and maintains credit ratings with leading credit rating agencies, which were formally reviewed and affirmed. At 31 December 2025, ENWL was rated BBB+ with stable outlook by S&P Global Ratings ("**S&P**"), **Baal with stable outlook by Moody's Investors Service ("Moody's")** and **BBB+ with stable outlook by Fitch Ratings ("Fitch")**. The short-term debt ratings were A-2 and F2 with S&P and Fitch respectively.

At 31 December 2025, net debt was £1,475.3m (Mar 2025 restated: £1,445.5m). The £29.8m increase was primarily due to the combined effect of net cash outflows affecting net debt of £21.9m and the indexation of index-linked debt of £10.4m (Note 34).

STRATEGIC REPORT (continued)

Capital investment

The Group's business is asset intensive and it invests significantly in the network in order to enhance the capacity and reliability of the network, improve its resilience for future customers, and to meet the changing demands of the UK energy sector. In the period, the Group invested £325.4m (Mar 2025: £373.9m) in total additions to property, plant and equipment and software which is an increased monthly capital investment and represents growth of the capital programme, during the period significant capital investment was made in the deployment of network monitoring equipment for fault detection, a high voltage overhead tower replacement scheme and a number of cable replacement projects.

Non-financial key performance indicators

The table below provides the most recently available key non-financial information in relation to the Group's performance.

	Notes	Actual 2025	Target 2025	Actual 2024	Target 2024
Distributed Energy (GWh)	(a)	15,301	N/a	15,210	N/a
Customer Interruptions ("Cis")	(b), (c), (d)	26.1	29.7	26.2	29.9
Customer Minutes Lost ("CMLs")	(b), (c), (e)	27.1	26.9	26.8	27.5
Regulated Asset Value ("RAV") (£m)	(c), (f)	2,941.1	N/a	2,725.2	N/a

(a) Distributed energy before losses in Gigawatt hours ("GWh") is reported for the 9 month period ended 31 December 2025 and the comparative 9 month period ended 31 December 2024.

(b) Under RII0-ED2, the Company is incentivised based on its performance against these Ofgem targets.

(c) As these are regulatory reporting measures, these KPIs are reported on a regulatory year basis, which runs from April to March, and are therefore stated at 31 March 2025 and 31 March 2024.

(d) Number of interruptions per 100 customers; a measure of volume of customers affected by a fault. The Group outperformed the Ofgem targets in both reported periods.

(e) Average number of minutes customers had their supply interrupted. In 2025, performance was adversely affected by a higher than normal volume of weather-related faults.

(f) RAV is based on the latest Price Control Financial Model ("PCFM"), published by Ofgem in January 2026. The RAV at 31 March 2024 and 31 March 2025 is presented in nominal prices using the December 2024 CPIH and December 2025 CPIH, respectively. The March 2025 RAV presented is provisional at the date the accounts are signed. Discussion with Ofgem may result in RAV being increased or decreased.

Statement of financial position

Net assets of the Group increased by £57.3m in the period to £1,283.9m. This reflects the impact of the statutory profit for the period of £92.1m offset by dividends of £19.0m paid to the parent and £15.8m in relation to remeasurement of retirement benefit obligations.

Policy and regulation

The National Infrastructure Commission ("NIC") is conducting a study to review DNO readiness for net zero. The NIC held an update meeting with the DNOs and Energy Networks Association in February 2025 to discuss their emerging thoughts. The core recommendations are likely to focus on strategic planning, connections (e.g., customer experience) and price controls, with planning and consenting, supply chain and skills as enabling recommendations.

Ofgem's sector-specific methodology consultation on the framework for the next price control period, RII0-ED3, was published on 8 October 2025. This consultation is a key step in the RII0-ED3 price control process. Ofgem's sector-specific decision will set out the building blocks for RII0-ED3, covering the overarching Ofgem objective for the price control and the consumer outcomes they will be looking to achieve.

STRATEGIC REPORT (continued)

Policy and regulation (continued)

Guidance from Ofgem has provided greater clarity on the stakeholder input and oversight that will be required for RIIO-ED3. In April 2025 the Group refreshed its oversight group and created a new Independent **Stakeholder Group (“ISG”) to meet these Ofgem requirements**. The ISG has met monthly since its inception, **and the independent ISG chair meets with ENWL’s leadership to raise any concerns and opportunities** directly. The ISG chair is also a member of a wider group of independent energy stakeholder group chairs, ensuring national coordination. Throughout 2025, engagement around RIIO-ED3 has taken place to understand how customer and stakeholder priorities have changed since the development of the RIIO-ED2 business plan, the findings from which will feed directly into RIIO-ED3 business planning which will take place throughout 2026. The RIIO-ED3 business plan submission is due in December 2026, with the final determination expected in December 2027.

Outlook for 2026 and beyond

A key focus for 2026 will be the targeted delivery of increased activity associated with regulatory outputs of next year under RIIO-ED2. RIIO-ED2 is particularly significant for the decarbonisation of transport and domestic heating, and the connection of low-carbon electricity as the business drives towards net zero goals building in innovation whilst maintaining high levels of asset stewardship. The Group continues to invest in improving network reliability through improvements in automation, network resilience, and proactive operational response.

FINANCIAL INSTRUMENTS

The Group holds various financial instruments, including borrowings, derivatives, trade and other payables, trade and other receivables, and cash and cash equivalents. These financial instruments expose the Group to various risks, including market risk, credit risk and liquidity risk. These financial risks are managed by the **Group’s treasury function**, in conjunction with the ScottishPower and Iberdrola treasury functions, under policies approved by the **Company’s** board of directors (“**the Board**”).

Market risk is the risk that future cash flows of a financial instrument, or the fair value of a financial instrument, will fluctuate because of changes in market prices. The main types of market risk to which the Group is exposed are interest rate risk and inflation risk.

Long-term borrowings are mainly at fixed rates that provide certainty of future cash flows or are indexed to inflation (“RPI”) to match the inflation-linked accretion to the Regulatory Asset Value (“RAV”) (Ofgem have **now changed this to a Consumer Price Index including owner occupiers’ housing costs (“CPIH”)** basis). The Group also holds a floating rate debt facility; at 31 December 2025 the amount drawn was £nil (Mar 2025: £nil).

Derivative instruments are used to convert a portion of the fixed rates to RPI-linked cash flows in order to better match the Ofgem debt allowance structure (noting that Ofgem have now changed this to a CPIH basis).

The Group uses two main groups of derivatives to economically hedge exposure to fluctuations in market rates over the medium to long-term; interest rate swaps to manage interest rate risk and inflation swaps to convert fixed rate debt to index-linked borrowing in order to better match the Ofgem debt allowance methodology. All derivatives relate directly to underlying debt. At 31 March 2025 and 31 December 2025 there were no formal hedge accounting relationships in the Group. The derivatives are accounted for at fair value through profit or loss. The unrealised fair value movements are non-cash and could result in material volatility in profit or loss over the period of the derivative.

STRATEGIC REPORT (continued)

FINANCIAL INSTRUMENTS (continued)

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract as they fall due. Whilst the maximum exposure to credit risk is represented by the carrying amount of the financial assets, the credit risk is considered to be low as the Group operates within a framework that specifies minimum credit ratings and maximum exposure limits for counterparties to mitigate the risk.

Liquidity risk is the risk that the Group will have insufficient funds to meet its financial obligations as they fall due. The Group manages the maturity profile of its financial assets, financial liabilities and financial commitments so that cash flows are appropriately balanced and funding obligations are able to be met.

Liquidity

Forecasts to the end of the current regulatory period in March 2028 and longer-term forecasts to 2058 are used to assess the liquidity needs of the Group. These forecasts demonstrate the availability of sufficient liquidity, and headroom against all financial compliance ratios.

Short-term liquidity requirements are met from operating cash flows, cash balances, short-term deposits and committed undrawn borrowing facilities. Utilisation of undrawn facilities is with reference to RAV gearing restrictions; actual and forecast RAV gearing is monitored by the Board. At 31 December 2025, cash balances were £105.9m (Mar 2025: £132.1m) and unutilised committed facilities were £250.0m (Mar 2025: £250.0m), comprised of an RCF expiring in April 2027, with an option to extend by a further two years. In March 2026, the expiry date was extended to April 2028.

In March 2026, the Company entered a £650m inter-company loan agreement from SPUK. The purpose of this £650m loan is to repay maturing debt (see below) and to provide additional liquidity for the Company and the Group; the maturity of this loan is March 2036.

The Group's long-term debt has a range of maturities to avoid a concentration of refinancing risk. On 25 March 2026, the £450m 8.875% 2026 bonds held by the Company were repaid at par on maturity. The Group utilised the £650m intercompany loan from SPUK (see above) to repay the £450m bonds. There are no further re-financing obligations due in the next 12 months.

At 31 December 2025, the Group had available to it a £500m commitment under a letter of support from SPUK. In July 2025, this letter of support was amended to extend the availability of this commitment from the earlier of the ENW(H) group securing alternative or 31 December 2026. When the £650m intercompany loan from SPUK was entered in March 2026 (see above), this letter of support was cancelled.

In March 2026, the Company entered a new letter of support from SPUK, through to at least 31 March 2027 for the provision of financial support to assist the Company in meeting its liabilities as they fall due, to the extent that money is not otherwise available to the Company.

Where a liquidity need cannot be met from existing resources, for example refinancing existing debt or **demand for additional borrowing, the Group's treasury function starts the process of raising new debt at least 12 months ahead of the requirement.**

Dividends and dividend policy

The **Group's dividend policy** is to distribute the maximum amount of available cash to shareholders each financial period on a semi-annual basis, after taking into account **forecast business needs, the Group's liquidity, gearing and rating policies, restrictions of external and internal financing arrangements, applicable law and the Company's licence obligations.**

During the period, the Company paid dividends totalling £19.0m (Mar 2025: £45.4m) (Note 30). At the date of signing this report, the directors have not proposed a final dividend for the period ended 31 December 2025.

STRATEGIC REPORT (continued)

Defined benefit pension

At 31 December 2025, the Group's defined benefit pension scheme had a net surplus, calculated under IAS 19 'Employee Benefits', of £39.3m (Mar 2025: £56.1m), resulting in a re-measurement loss of £21.1m (Mar 2025: gain of £14.1m) booked directly to other comprehensive income. The decrease in the surplus is mainly due to an increase in the defined benefit obligation, driven by the use of updated membership data, the adoption of a new modelling approach and the allowance for higher levels of emerging inflation over the period than expected.

PRINCIPAL RISKS AND UNCERTAINTIES

How we manage risk

The Board, Chief Operating Officer, and Executive Leadership Team ensure strategy and risk are aligned, maintaining a robust system of risk management and internal controls, consistent with the Financial Reporting Council's ("FRC") guidance. The Corporate Risk Register is categorised into the following areas: Sustainability; Safety; People; Customer, Affordability; and Systems and Data. The risks are monitored by a company-wide network of Risk Champions and Coordinators.

We operate within a Board-approved risk appetite framework, which is reviewed annually and enables the Board to demonstrate its appetite for risk in relation to the overall strategic direction of the business. Risks **are only accepted when they fall within the agreed appetite range, from 'cautious' to 'averse', and when further mitigation is either not feasible or cost-effective.** For example:

Sustainability: Averse - ensuring compliance, ethical standards, and supporting the low-carbon transition;

Safety: Averse - protecting employees, contractors, and the public;

People: Cautious – supporting culture, capability and workforce resilience;

Customer: Very cautious - ensuring consistent performance and minimising disruption;

Affordability: Averse – maintaining financial stability, protecting customers from unnecessary costs; and

Systems and Data: Averse - safeguarding security, integrity, and reliability of digital infrastructure.

Key features of our risk management system

- Board-approved risk management strategy and appetite framework;
- Board oversight of significant risks and opportunities;
- Dedicated Board and Executive Committees (for risk governance);
- Integrated management of operational and non-operational risks;
- Target risk scores with defined actions for risk owners;
- Directorate risk registers supported by Risk Champions and Coordinators;
- Crisis and reputation management plans;
- Ongoing training to embed a strong risk-aware culture; and
- Collaboration with regulators and industry partners to anticipate emerging risks.

Alignment with Iberdrola

We have taken significant steps during the period to align our risk management processes and policies with those of the wider Iberdrola group. This strengthens governance, aligns our approach with group standards, and enhances resilience in a changing risk environment.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

We face a range of risks and uncertainties for the year ahead, largely driven by the energy transition and evolving regulatory framework. The key challenges are to meet decarbonisation targets which will increase demands on our network, and regulatory changes under the current RIIO ED2 and potential changes under the future RIIO-ED3 framework which impact revenue and investment.

Climate change has the potential to increase risks and uncertainties for us in relation to our business resilience and our ability to meet the expectations of our customers. The increased frequency and severity of extreme weather events, such as storms and floods, poses a threat to our infrastructure and can lead to significant service disruptions. Additionally, rising temperatures may impact the efficiency and lifespan of our equipment, necessitating ongoing adaptation and resilience measures. We have strategies in place to manage these uncertainties, including comprehensive climate adaptation plans, regular infrastructure assessments, and proactive maintenance schedules. In addition, we face the significant risks of wider global events and cybersecurity threats. An enhanced cyber assessment framework is being established to improve cyber resilience and compliance, with an aim to be a highly secure DNO.

STRATEGIC REPORT (continued)

The principal risks and uncertainties of the Group, which are also those of the Company, along with the mitigation measures in place, are outlined in the table below.

RISK	MITIGATION
Sustainability	
<p>Global events and supply chain:</p> <p>Certain aspects of ENWL's activities could be susceptible to the impact of wider global events, including geo-political tensions, and the conflicts in Ukraine and in the Middle East. These events coupled with the UK Government's response measures continue to disrupt global supply chains. Our supply chain continues to face challenges arising from these events, including inflation and economic disruption, which also present uncertainties for the business</p>	<ul style="list-style-type: none"> • ENWL is recognised as a provider of critical national infrastructure and maintains regular dialogue with the UK Government and Ofgem to ensure mitigation measures support our ability to deliver essential services to customers. • Comprehensive scenario planning and robust business continuity plans are in place to assess and respond to potential global disruptions, including geopolitical crises, natural disasters, and economic shocks. • Control measures have been implemented wherever possible to minimise the impact of global events on ENWL's operations, and these measures are actively monitored by members of the Executive Leadership Team. • Reliance on single suppliers or regions has been reduced by sourcing materials and services from a broader network of providers to strengthen supply chain resilience. • Supplier risk assessments are conducted to evaluate financial stability, geopolitical exposure, and operational resilience, enabling us to identify vulnerabilities and develop contingency plans. This process includes strategic winter stock provisions agreed across the business. • Forward work planning and advance ordering of critical materials, such as transformers, are undertaken where supply constraints or extended delivery lead times exist.
<p>Regulation and compliance risk:</p> <p>The Company is subject to a high degree of political, regulatory and legislative intervention, which can impact both the current RIIO-ED2 period, and future regulatory settlements. The legal and compliance framework can change, leading to additional compliance obligations, market conditions, and reporting requirements. A changing political focus on the sector can have a significant effect on profitability or risk. Compliance failure leading to an adverse effect on the business.</p>	<ul style="list-style-type: none"> • There is ongoing engagement by the Company with Ofgem and Government. • The Company has dedicated Regulation and Legal departments that provide advice and guidance regarding the interpretation of political, regulatory and legislative change. • There is regular engagement with the Board on political and regulatory developments which may impact the Company. • Transparent reporting to ensure accurate and timely submissions of regulatory reports demonstrating accountability. • Overall governance and control framework in place, with clear accountability and compliance assurance programme in place. • Ongoing training and awareness provided to ensure regulatory requirements and compliance best practices are understood and adhered to. • A risk management framework and comprehensive risk management policy which outlines the principles and processes necessary to identify, manage and mitigate risks effectively. • An assurance programme is in place focusing on the Group's key risk areas, including fraud, regulatory compliance and business processes.

STRATEGIC REPORT (continued)

RISK	MITIGATION
Sustainability	
<p>Responding to major events: Events outside of our control, for example extreme weather or medical emergencies, affecting large areas, may negatively impact the business.</p>	<ul style="list-style-type: none"> • ENWL has an established Incident Response Group with dedicated teams and clearly defined roles and responsibilities to coordinate swift and effective responses during major events. • Regular simulation exercises are completed to train and test the resilience of our response to major incidents. • Collaboration with external partners – we have strong relationships with emergency services, local authorities and other utilities to ensure a coordinated response to large scale incidents. • Comprehensive contingency plans are in place for network emergencies, supported by key contracted resources such as mobile generators and overhead line teams. • A designated Head of Business Continuity and a Business Continuity Steering Group, comprising of colleagues from across all directorates, oversee robust continuity plans that follow a structured testing schedule to identify and implement improvements. • Inventory levels are maintained to ensure adequate resources are available to manage larger events effectively. • The directors have considered with the impact of climate-related risks on the impairment of intangible assets and property, plant and equipment and have concluded that these risks do not have a material impact on the impairment testing.
<p>Programme delivery including change programmes: Delays in the investment programme or major business change activity leading to an adverse impact on the Company, particularly relating to customer interruptions (“Cis”) and customer minutes lost performance (“CMLs”).</p>	<ul style="list-style-type: none"> • Established governance controls in place to oversee the delivery of business change. • Processes in place to support delivery of change programmes, management of risks and achievement of business benefits. • For activity impacting CI and CML performance, the following mitigation measures are in place: <ul style="list-style-type: none"> ▪ Fault response times and team performance are monitored, including time to despatch and mobilise response teams. ▪ Supply interruptions are planned to minimise customer impact. ▪ Network automation to minimise the effect of faults. • Significant expenditure on routine maintenance to reduce the causes of network interruption. • Regular post investment appraisals to confirm effective delivery of programmes and maintain lessons learnt. • Stakeholder engagement – maintaining regular communications with contactors, regulators and internal teams to align expectations and address issues promptly.
<p>Enabling net zero (including Distribution System Operator (“DSO”)): Failure to meet stakeholder expectations to get to net zero.</p>	<ul style="list-style-type: none"> • We continue to strengthen engagement with local and regional stakeholders to align growth and net zero priorities with network capacity planning. • Regional stakeholder engagement is supported through Local Authority workshops and DSO conferences. • The RIIO-ED3 stakeholder engagement strategy and processes are being defined by the business plan programme team.

STRATEGIC REPORT (continued)

RISK	MITIGATION
<p>Safety</p> <p>Health, safety and the environment: Risk associated with unsafe working practices, man-made or naturally occurring hazards that could cause harm to employees or the wider public, or the environment.</p>	<ul style="list-style-type: none"> • The Board's Company Safety and Environment Committee ("CSEC") provides oversight and governance for all health, safety, and environmental matters. • Extensive policies and procedures are in place to ensure safe systems of work and effective environmental management. • A behavioural safety training programme is delivered across all areas of the organisation to promote a strong safety culture. • Simple 'Golden Rules' are embedded throughout the Company's operations to reinforce a consistent and robust approach to safety. • Safety performance is being transformed through data-led insights derived from audits, observations, and incident analysis. • Comprehensive 'lessons learned' exercises are conducted to identify root causes and implement improvements following safety or environmental issues. • Robust authorisation processes, policies, and procedures are in place to control who works on the network and the activities they perform. • An annual programme of audits and a structured inspection regime ensure compliance and continuous improvement. • A well-established hazard and safety observation reporting system, including near-miss reporting, is in place to capture and address potential risks. • Regular engagement with employees and contractors fosters a culture of safety and environmental responsibility across the business. • Collaboration with external experts and organisations ensures alignment with best practice and aware of emerging risks. • Comprehensive emergency response plans have been developed to address potential environmental and safety incidents effectively.
<p>People</p> <p>Developing our people: Having an adequately skilled and experienced workforce to deliver current and future business objectives.</p>	<ul style="list-style-type: none"> • Resource and succession plans in place and reviewed periodically at Executive and Board level. • Business-wide training delivery to ensure employees are equipped to do their roles safely, competently and effectively. • Robust resourcing model to meet business needs and mitigate potential difficulty in attracting the resources we may need across RIIO-ED2 and ED3. • Extensive policies are in place regarding ethical conduct within the business, including Anti-Bribery and Corruption; Conflict of Interests; Ethics; Equality; Internal Control and Governance; Modern Slavery and Speak Up (Whistleblowing). • Employee engagement – fostering a positive workplace culture to improve retention and motivate staff to achieve business objectives.

ELECTRICITY NORTH WEST LIMITED

Annual Report and Consolidated Financial Statements for the 9 month period ended 31 December 2025

STRATEGIC REPORT (continued)

RISK	MITIGATION
<p>Customer</p> <hr/> <p>Network Performance and resilience: Aging infrastructure rising demand, and extreme weather events threaten network stability, risking outages and service disruptions</p>	<ul style="list-style-type: none">• Established customer engagement plans ensure regular communication during outages, providing real-time updates and offering support to vulnerable customers to maintain trust and satisfaction.• Extra care registers and a dedicated welfare team are in place to support customers who require additional assistance.• Incident roles are assigned to all employees to enable effective customer support during major incidents.• Ongoing investment in infrastructure upgrades reinforces critical assets to enhance reliability and reduce vulnerability to faults.• Smart grid technologies and automation systems are deployed to detect and respond to issues in real time, minimising the impact of outages.• A programme of improvement activities, coordinated by the Executive Leadership Team is underway to optimise the Company's position against all elements of the customer satisfaction measure.• Robust plans are in place to achieve commitment targets and outperform where possible.• Controls to ensure ongoing reporting of performance against targets, enabling timely intervention as required.
<p>Affordability</p> <hr/> <p>Financial risks: The business is subject to treasury, tax, inflation and liquidity risk exposures, and under performance of the pension scheme investments, market impacts and/or an increase in the scheme liabilities which would give rise to higher contributions.</p>	<ul style="list-style-type: none">• A formal treasury policy is in place to manage exposure to counterparty, liquidity and market risk, overseen by the Audit and Compliance Committee.• A well-established monthly financing covenant monitoring process.• Monitoring of inflation calculations on allowances, compared to the actual inflation on treasury instruments and operations.• Tax risk scoring.• Active monitoring of the pension scheme's investments carried out on a quarterly basis.• The pension scheme Trustee engages professional legal, actuarial and investment advice for all decisions taken and regularly consults with the Company, who also engage professional advisors.• Financial control enhancement projects are currently underway to further strengthen the robustness and effectiveness of our financial governance framework.
<p>Investability:</p> <p>Inability to maintain sufficient equity and financial attractiveness to secure the necessary funding for critical infrastructure investments.</p>	<ul style="list-style-type: none">• Regular engagement with credit rating agencies to maintain a strong credit rating.• Clear and transparent financial reports to stakeholders, highlighting the company's financial health and investment potential.• Comprehensive financial planning and analysis processes to forecast future funding needs and identify potential financial risks.• Active engagement in advocacy to influence favourable regulatory changes that support investment in critical infrastructure.

STRATEGIC REPORT (continued)

RISK	MITIGATION
Systems and Data	
<p>Cyber and physical security threat: Breach of our security regime and access to key network security systems by an internal/external party leading to disruption or loss of critical systems, assets or data breach.</p>	<ul style="list-style-type: none"> • Dedicated qualified personnel allocated to cyber and IT security. • A comprehensive investment programme to address any potential weaknesses and respond to arising threats. • Building an organisation to achieve Enhanced Cyber Assessment Framework (“eCAF”) compliance and creating a culture to be the most secure we can be. • A training programme in place to inform all users of the risks of email and social engineering attacks. • A cyber risk assessment methodology implemented within the Group. • Pre-employment screening and ongoing checks for all colleagues, with enhanced requirements for critical roles such as system administrators. • A strong governance and inspection regime to protect infrastructure assets and operational capacity. • Physical and technological security measures, including encryption of key laptops, preventing the loss of data. • Data centre infrastructure providing enhanced security monitoring and management tools, ‘next generation’ firewalls and network traffic analysis. • Ongoing security patching of critical systems. • Ongoing renewal and replacement programmes to ensure hardware and software is refreshed on appropriate timescales. • Periodic internal and external security reviews. • Key systems IT disaster recovery testing. • Use of e-learning to promote awareness of cyber issues for all employees. • Enhanced access controls and CCTV networks to strengthen physical security. • Integration of advanced threat detection processes to identify and mitigate potential cyber risks proactively. • Routine phishing simulations to assess the effectiveness of phishing awareness campaigns. • Be Sure Be Secure culture change programme to ensure everyone in the organisation plays their part to protect against cyber threats.

STRATEGIC REPORT (continued)

ENGAGING WITH STAKEHOLDERS

The importance of engaging with stakeholders

The Group and Company with reference to Section 172 of the Companies Act 2006, is committed to stakeholder engagement.

As part of the Iberdrola group, a responsible and sustainable energy model is being developed, which focusses on the wellbeing of people, the protection of the environment, and the economic and social progress in the communities in which the Group operates. The Group strongly believes that effective and meaningful engagement with stakeholders, especially employees, is key to promoting its success and values.

Meaningful engagement with the Group's stakeholder groups supports the ethos of Section 172 of the Companies Act 2006, which states that directors should have regard to stakeholder interest when discharging their duty to promote, in good faith, the success of the Group for the benefit of its members as a whole. Details of how the Group engages with its stakeholders, and how these activities influence its operations, are set out on pages 14 to 20.

Key stakeholders

The Group has five key stakeholder categories: people; customers; government and regulators; suppliers and contractors; and community and environment.

Behind these stakeholders are many people, institutions, organisations and groups. All of them, with their own **decisions and opinions, influence the Group, and they are also affected by the Group's activities**. In addition, these stakeholders interact with each other, creating a network of relationships that the Group needs to manage in order to achieve a better understanding of its operating environment and to deliver a more sustainable performance across its activities.

The Group operates five independently chaired stakeholder advisory panels (Economic Growth, Customers in Vulnerable Circumstances, Environment and Sustainability, Distribution System Operation ("DSO") and Digital Futures), which are attended by a member of the Executive Leadership Team.

Shareholders are important to the Company. The Company's relationship with its shareholders is governed by the Company's Articles of Association and provisions of the 'SP Electricity North West Governance and Sustainability System' which apply to the Company and the ENW(H) group, of which it is a member. As the Company is ultimately controlled by Iberdrola, all ultimate shareholder management activities are carried out by Iberdrola in accordance with its own '**Ongoing Shareholder Engagement Policy**', as published at www.iberdrola.com under '**Corporate governance > Ongoing shareholder engagement policy**'.

PEOPLE

The Group is one of the major employers in the North West of England, employing approximately 2,400 people and working with carefully selected local delivery partners and suppliers, supporting wider employment in the region. The Group is committed to developing careers for its people and providing secure, long-term employment in an inclusive environment.

An annual '**climate survey**' is undertaken to measure employee engagement and link this to business performance. Engagement scores in the November 2025 survey were the highest ever recorded by the organisation, with an engagement score of 85.9%, a significant improvement on the prior year (Nov 2024: 83.9%), with health and safety, pride and customer focus rated highest.

The Group is committed to being an employer of choice and influencing equality, diversity and inclusion ("**EDI**") **in the energy sector**, with a vision to create a sense of belonging for all colleagues through four key focus areas (belonging, talent, leadership and community), supporting inclusion throughout the business.

STRATEGIC REPORT (continued)

PEOPLE (continued)

It is committed to attracting, developing and retaining the best talent, whilst focusing on increasing gender and ethnicity diversity to reflect the communities it serves and harness the many benefits of diverse teams. There are, however, industry challenges in attracting people from these groups.

Part of **the Group's** strategy is to attract diverse talent through the award-winning apprenticeship scheme. In the 2025 cohort, there was a consistent proportion of females compared to the prior year, at 28% (2024: 28%), and the highest proportion of apprentices from an ethnic minority background, at 28% (2024: 3%). There is a 90% pass rate for the scheme, with 100% of successful apprentices offered full time employment with the Group.

The Group is striving to increase applications from women for all roles, with a **'Women at SP Electricity North West' careers page showcasing the great female talent** across the business. On average, over the last 3 years, 33% of offers have been made to females. Despite the gender pay gap of 12.1% as of 6 April 2025 being better than the UK average (12.8%), there remain industry challenges to attracting females into the business.

Since the launch of the EDI strategy in December 2021, the ethnic minority demographic has increased by over 3% (Mar 2021-Nov 2025); over the last three years, on average, 13% of offers have been made to applicants from an ethnic minority background. The Group continues to promote employment opportunities within local communities and, for the last three years, has been the sponsor of the One Voice Blackburn **'Best apprentice' award**.

The Group has nine colleague resource groups ("**CRG**"), with over 250 members in total. Each of these groups is aligned to a particular demographic of the EDI strategy and helps shape the increasingly diverse culture of the business, through objectives and plans aligned to the EDI strategy and holding various events throughout the year, such as sponsoring Preston Pride, welcoming colleagues to join in an Iftar through **'Fast a day'**, and volunteering days involving tree planting and raising funds for the Poppy appeal.

The Group continues to use community partnerships to build brand awareness, share job opportunities and promote Science, Technology, Engineering and Maths ("**STEM**") careers. For example, the **'Workplace Safari'** that was launched in the prior year has seen over 70 14-16 year olds, 84% of which were female, from local schools invited to the training academy in Blackburn.

Following the original Investors in People certification in April 2022, and the Silver accreditation in July 2024, the Group was awarded the **'We invest in Apprentices'** Gold accreditation in January 2026 and is aiming to achieve the **'We invest in People'** Gold accreditation by 2028. The Group holds the Bronze Inclusive Employers standard, is a Gold Forces Friendly company, a Disability Confident employer, an accredited Real Living Wage Employer, a member of the Greater Manchester Combined Authority Good Employer Charter, and a founding partner of the Utilities National Work Group on Modern Slavery.

Human Rights and Modern Slavery

The Group, and therefore the Company, is subject to the Human Rights Act 1998 and the Modern Slavery Act 2015. The Group seeks to anticipate, prevent and mitigate any potential negative human rights impacts as well as enhance positive impacts through policies and procedures regarding employment, diversity and inclusion, treating customers fairly and information security. The Group has produced its own Modern Slavery Statement, which is published on the website: www.enwl.co.uk/misc/modern-slavery-act-compliance-statement.

STRATEGIC REPORT (continued)

Anti-bribery and anti-corruption

The Group is strongly committed to maintaining high ethical standards in the way we work. We take a zero-tolerance approach to bribery and corruption, and are committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever we operate, supported by effective systems and controls to counter bribery. It is important that our regulators and stakeholders have full confidence in the integrity and governance arrangements of the organisation.

The Group operates a number of policies governing anti-bribery and anti-corruption matters, including the *'Anti-Corruption and Bribery Policy'*, *'Corporate Hospitality and Gifts Policy'*, *'Conflict of Interest Policy'*, and the *'ScottishPower Financial Crime Policy'*. We have also introduced a revised *'Ethics in our Business'* document, which includes our Ethical Framework and provides a decision-making tool to assist colleagues when faced with ethical dilemmas.

Alongside this, we have recently launched an updated *'Speak Up (Whistleblowing) Policy'*, providing colleagues with multiple channels to raise and escalate any concerns they may have. To support understanding, an e-learning module was also made available during the period to increase understanding and awareness of these important policies. The Speak Up framework is supported by a confidential, independent reporting line operated by Safecall.

We conduct regular Competition Law training sessions for our colleagues. The completion of these sessions is meticulously monitored to ensure that our colleagues remain fully aware of the latest legal requirements and adhere to the highest standards of compliance.

All of our corporate ethics policies apply to all employees and officers of the Group and form part of our Code of Conduct. Temporary workers, contractors and other individuals performing functions for the Group are also required to comply with these policies.

Health and safety

The Group operates in a high-hazard industry and the safety of its people and customers, and the protection of the environment, will always remain key priorities. During the period, we have strengthened the team leadership with key appointments enhancing our capabilities in this area. We continually monitor safety performance and safety culture through a tailored set of performance measures and regular engagement with colleagues on safety.

Operational safety

The Group ensures that all employees receive structured health and safety training and are encouraged to operate safely, through policy-driven procedures, compliance assurance, and a behavioural approach that promotes a strong behavioural attitude to safety.

Certain of our performance measures are based on the regulatory year, from April to March. The latest regulatory year was that ended 31 March 2025, for which we recorded **a lost time injury ("LTI") frequency** rate of 0.011 (Mar 2024: 0.023), with one LTI (Mar 2024: two). This low incident rate reflects the sustained improvement since we embarked on a company-wide initiative to create an enhanced safety culture. The total reportable incident rate was 0.146 (Mar 2024: 0.034), an increase on the previous year driven by 13 RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable HAVS (Hand Arm Vibration Syndrome) cases from historical exposure. Other than those, there was just one other RIDDOR reportable injury.

As our safety journey continues, we are increasingly focused on the quality of, and learning from, safety observations and positive challenges, rather than focusing on the volume of these.

STRATEGIC REPORT (continued)

Health and safety (continued)

It is worth noting that in the 9 month period ended 31 December 2025, we have continued to review and improve our safety management system which is certified to the international standard ISO 45001. In 2026, we will work on embedding an updated plan to further improve our safety record, including working closely with our contract partners and the wider Iberdrola group.

Asset safety

The safety of the Group's employees, delivery partners and the public from the inherent risks of our electrical assets is assured through the Group's ongoing asset investment programme and the associated asset risk management policies which define the programme scope. For example, our link box inspection programme assesses the risk of the asset and, where necessary, instigates an intervention such as blast mitigation protection, replacement or the removal of the asset.

During the 9 month period ended 31 December 2025, the Group continued to invest to further reduce risks associated with link box failures, and rising and lateral mains in multi occupancy properties. We have installed innovative monitoring equipment in multi occupancy properties which helps identify abnormalities and potential risks associated with electricity supplies and inform replacement decisions.

CUSTOMERS

The Group is committed to delivering excellent customer service and this is an area that the board of directors monitors closely to ensure the service levels continuously improve. Providing additional support to electricity users in vulnerable circumstances and fuel poverty is core to our customer strategy, with a specific '*Electricity Users in Vulnerable Circumstances Strategy*' in place to help ensure that the support offered to customers is focused appropriately.

The support offered to customers in vulnerable circumstances continues to increase, through the further development of the 'Take Charge' **campaign with Citizens Advice Manchester ("CAM") and the Energy Saving Trust ("EST")**. CAM and EST act as strategic partners to the Group to help alleviate fuel poverty and improve energy efficiency, leveraging all available financial support and grants to enhance customers lives.

The Extra Care Register is maintained and updated to help identify those customers who are most dependent on our services and deliver prioritised support to them in a power cut. The Group continues to collaborate with partners to promote awareness of the free Extra Care service and increase accessibility to it. Those on the register can benefit from a range of welfare support services, including hot food provision, generators or alternative power supplies and proactive contact during a loss of supply.

Through the continued growth of our partnership network, a further 115,899 customers received tailored support in the 9 month period to 31 December 2025, at which point there were over 948,000 (Mar 2025: over 935,000) households on the Extra Care Register. During the period, colleagues from across the business supported the Contact Centre to contact our most vulnerable customers, approximately 37,100 by phone and 2,200 through door-knocking, to ensure we have the most up to date information and enable the most appropriate support. All applicable customers were contacted before the end of December 2025.

The overall customer satisfaction score is measured on a regulatory year basis, from April to March and for the year-ended 31 March 2025 was 92.9% (Mar 2024: 92.0%). It has continued to remain strong throughout the current period as we implement our roadmap of key actions focused around reducing customer effort, simplification, owning what we do are developed from customer feedback and root causes analysis. We also continue to focus on reducing the number of complaints received and to ensure an efficient response to those that we do receive.

STRATEGIC REPORT (continued)

Network reliability

Network reliability is a significant part of the fundamental role of the Group and of high importance to our customers and other stakeholders. For the regulatory year ended 31 March 2025, network reliability continued to be high, with network availability of 99.995% (Mar 2024: 99.995%).

The Company has two network reliability related KPIs: Customer Interruptions (“CIs”) and Customer Minutes Lost (“CMLs”), both of which are assessed by Ofgem on a regulatory year basis, from April to March. For performance against these targets, see the table on page 4.

The exceptional event mechanism in our licence protects DNOs from the financial impact of extreme external events. In the period, Ofgem accepted the three exceptional event claims we submitted in the prior year, all in relation to storms. We continue to be affected by weather-related events and have submitted three further exceptional event claims in the period: Storm Amy (October 2025), Storm Claudia (November 2025), and Storm Bram (December 2025). All faults covered by these claims have been excluded from our CI and CML performance. There continues to be increases in non-exceptional event weather-related faults adversely impacting the network. Based on current forecasts, however, we expect to perform favourably against the Ofgem targets for the regulatory year ending March 2026.

Despite the challenging weather impacts, there have been further improvements in the number of customers restored by automation, driven by a combination of investment in automation technologies and network resilience works, as well as improvements in pro-active operational response.

Most customers enjoy excellent levels of reliability, but there is a small minority that experience a level significantly worse than average, usually due to their location or localised network issues. We continue to **invest in schemes that aim to reduce the numbers of worst served customers (“WSC”)**, aiming to have no customers meeting the WSC Ofgem definition by 2028.

Planned Supply Interruptions (“PSIs”) have risen sharply over the period due to the delivery of Health & Safety (“H&S”) and capital delivery programmes. The H&S programme includes tree cutting activities, Polychlorinated Biphenyls (“PCB”) testing, and asset replacement, resulting in an increase in PSIs.

Over the period, we have significantly increased investment in additional capacity to enable future projected demand aligned to the net zero transition. We continue to develop and deliver our cutting-edge engineering innovation projects such as CLASS, Smart Street and LineSIGHT that will keep the network reliable, efficient and safe.

GOVERNMENT AND REGULATORS

The UK government and regulators play a central role in shaping the energy sector. The Group engages with them directly and through trade associations, responding to issues of concern and providing expertise to support policy development. Through this engagement, the Group aims to contribute to the delivery of a UK energy system that functions in the interests of customers now, and in the future, including achievement of the **government’s net zero decarbonisation** targets.

The National Energy System Operator (“NESO”) was commissioned by the UK government in August 2024 to provide advice on possible technology pathways for achieving a clean British power system by 2030 and the NESO published its advice in November 2024, setting out two pathways for achieving clean power whilst noting that it was hugely challenging. The UK government responded with its Own Clean Power 2030 Action Plan on 13 December 2024 which broadly accepted the advice from the NESO. The Group provided input to the NESO’s review, drawing on its key role in critical network rollout and will continue to engage with a range of regulatory, national and local government stakeholders.

STRATEGIC REPORT (continued)

GOVERNMENT AND REGULATORS (continued)

Ofgem commissioned NESO to undertake Regional Energy Strategic Planning (“RESP”), in which the Group and local government have been heavily engaged during 2025 to ensure the RESP meets the needs of the region and **that the Group’s** plans that are informed by it are robust.

The Company has contributed to the wider external debate about the regulatory and industry measures required to tackle the critical backlog in network connections for new renewable generation projects, including the work being undertaken by the NESO and Ofgem to reform the generation connection queue; these proposals are being developed through the formal industry code change process.

Further information in relation to engagement with government and regulators is set out in the ‘Policy and Regulation’ section of the Strategic Report on page 4.

SUPPLIERS AND CONTRACTORS

The Group, now part of the ScottishPower group, is aligned with **ScottishPower’s** engagement approach with suppliers and contractors. The overall approach is captured in our ‘*Sustainable Supply Chain Charter*’, available on our website www.enwl.co.uk under ‘About us > Procurement’. ENWL is actively growing the supply chain to meet the needs of the expanding delivery programme of RII0-ED2 and into RII0-ED3. The aim in growing the supply chain is to ensure that we work with the best suppliers, focusing on health and safety, quality, cost and sustainability. Procurement processes, aligned to those of the ScottishPower group ensure that the sustainability of suppliers is robustly assessed. In 2025, more than 90% of the key suppliers awarded by ENWL **were considered to be ‘sustainable’**. Beyond sustainability, suppliers are tested for cyber security competence and monitored through common systems, with ScottishPower.

COMMUNITY AND ENVIRONMENT

The Group has a sustainability framework, the ‘*Responsible Business Framework*’ (“**the Framework**”), that sets out our ambition for our people, our customers, our environment and our communities. The Framework includes a number of goals, each comprised of a series of commitments and measures which are reported in our annual Responsible Business Report, providing an overarching indication of our activities as a sustainable and socially responsible business and how we operate within our communities. It also demonstrates alignment to the United Nations Sustainable Development Goals.

During the period we have been working with ScottishPower and Iberdrola to further enhance our measurement and reporting as we contribute to their UK and global non-financial and sustainability reporting requirements.

Community

The Group highly values its relationship with local communities and sees them as essential stakeholders in its operations. One example of this is our primary and secondary school education programmes. Workshops are now available in schools across the North West that link national curriculum and STEM topics (science, technology, engineering and maths) such as circuits, important safety messages and careers information, promoting STEM topics and creating a pathway to our skills and recruitment programme. In September 2025, we welcomed a further 31 apprentices including operational engineers, design engineers, civil engineer, mechanics, cyber specialists and IT engineers. Since launching in 2017, more than 250 apprentices have been trained and developed by ENWL. Our apprenticeship programme has been awarded the Golden Standard following a 6 month on-site assessment by the Investors in People.

STRATEGIC REPORT (continued)

COMMUNITY AND ENVIRONMENT (continued)

We continue to work with partners to support customers in vulnerable circumstances, encouraging eligible people to sign up to the Extra Care Register for additional support in the event of a power-cut, and continue to support customers through our *'Take Charge Scheme'* to help those in fuel poverty with debt advice and provide support to those at risk of being left behind in the energy transition. In the period to December 2025 we have also launched our Social DSO Strategy which provides a clear framework for ensuring the energy transition benefits everyone – focusing on decarbonisation, creating economic value but delivering societal benefits at the same time.

Environment

Environmental protection continues to be one of the core values of the Group, and we remain committed to achieving the highest possible standards of environmental performance, not only by minimising the risks created by our activities, but also through targeted investment in outputs that deliver a positive environmental impact. We continue to take positive environmental actions, including reducing carbon emissions and enhancing biodiversity. In April 2025, for example, we completed the planting of a further 11,110 trees in partnership with Ribble Rivers Trust at sites across Lancashire. This brings the number of trees planted to over 22,000 since the start of RIIO-ED2. Additional sites have been identified for tree planting in the spring 2026 tree planting window. Separately, in compliance with safety requirements and agreed with the Health and Safety Executive, our specialist vegetation management teams are on target to remove dangerous or high-risk vegetation which are in proximity to our assets. Our environmental action plan, which forms part of our regulatory business plan is on target to achieve our business commitments for RIIO-ED2.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The Group has taken the exemption from providing a Non-Financial and Sustainability Information Statement for the period, in accordance with section 414CA(7) of the Companies Act 2006. The Non-Financial and Sustainability Information Statement in the Strategic Report of the consolidated annual report and financial statements of SPUK relates to the entities included in those consolidated accounts, including the Company and Group, and can be obtained from the website www.scottishpower.com under **'About us > Company reporting'**.

INNOVATION, RESEARCH AND DEVELOPMENT

The Group is committed to developing innovative and cost-effective solutions for providing high quality services and reliability to customers, and for the benefit of the wider sector and the development of the network. Investment and innovation are aimed at ensuring the development and availability of appropriate technology to meet the changing demands of electricity supply and the challenge of achieving a low carbon future, at a price customers can afford. Innovation is essential to maintain our sector leading network performance and reliability levels. We continue to develop and deliver our cutting-edge engineering innovation projects such as CLASS, Smart Street and LineSIGHT that will keep the network reliable, efficient and safe. We continue to use innovation to target the potential risks associated with electricity supplies in multi occupancy properties. We have installed innovative monitoring equipment which helps identify abnormalities and inform replacement decisions.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT

Statement by the directors in performance of their statutory duties in accordance with Section 172 of the Companies Act 2006

The Companies (Miscellaneous) Reporting Regulations 2018 requires the directors of the Company to give a statement which describes how the directors have had regard to the matters set out in Section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The Board acknowledges and understand their duties and responsibilities, including that, under Section 172 of the Companies Act 2006, a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The delivery of the Group, of which the Company acts as the holding company, requires the Group to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the performance and reputation of the Group by prudently managing risks inherent in the business. **In carrying out this strategy, the directors' duties under Section 172 of the Companies Act 2006 have been considered.**

The directors strongly believe that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the Company. Details of the key stakeholders of the Company, and how they engage with them are as follows:

- **Customers:** details of how the Group, and therefore the Company, engages with its customers are explained in the 'Customers' section of the Strategic Report, on page 17. During the period the Board received updates on the Company's customer satisfaction performance;
- **People:** details of how the Group, and therefore the Company, engages with its people are set out in the 'People' section of the Strategic Report, on pages 14 to 15. During the period the Board received safety updates in respect of its employees and contractors;
- **Communities and the environment:** details of how the Group, and therefore the Company, engages with communities and considers the environment are set out in the 'Community and environment' section of the Strategic Report, on pages 19 to 20. During the period, the Board approved the adoption and application of the '*ScottishPower Policy on Management and Protection of Environment and Nature*';
- **Suppliers and contractors:** details of how the Group, and therefore the Company, engages with its suppliers are set out in the 'Suppliers and contractors' section of the Strategic Report, on page 19. During the period, the Board approved the adoption and application of the '*ScottishPower Code of Conduct for Suppliers*'; and
- **Government and regulators:** details of how the Group, and therefore the Company, engages with governments and regulators are set out in the 'Government and regulators' section of the Strategic Report, on pages 18 to 19. During the period, the Board discussed the Company's engagement with government and regulators and approved the regulatory submissions required of the Company.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

In addition, a statement in relation to the Company's interaction with its shareholders is described in the 'Key stakeholders' section of the Strategic Report on page 14.

The directors, both individually and together as a board, consider that the decisions taken during the 9 month period ended 31 December 2025 in discharging the function of the Board, were in conformance with their duty under Section 172 of the Companies Act 2006.

The Board is assisted in considering key stakeholders as part of the decision-making process by including stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by all directors.

ON BEHALF OF THE BOARD



Chris Johns
Director
31 March 2026

DIRECTORS' REPORT

The directors present their Annual Report and Consolidated Financial Statements of Electricity North West Limited, registered company number 02366949, ("**the Company**" or "**ENWL**") and its subsidiaries (together referred to as "**the Group**") for the 9 month period ended 31 December 2025.

General Information

The Company is a private company limited by shares and incorporated and domiciled in England, the United Kingdom under the Companies Act 2006.

The Company's **registered** address is Borrton Street, Stockport, England, SK1 2JD.

Information contained within the Strategic Report

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be included in the **Directors' Report**, within the Strategic Report, found on pages 1 to 22:

- risk management;
- engagement with stakeholders;
- employee matters;
- innovation activities; and
- future developments.

Dividends

Details of the Group's dividend policy can be found in the Strategic Report, page 6.

During the period, the Company paid dividends totalling £19.0m (Mar 2025: £45.4m) (Note 30). At the date of signing this report, the directors have not proposed a final dividend for the period ended 31 December 2025.

CORPORATE GOVERNANCE

Statement regarding the corporate governance arrangements of the Company

As required by Section 7.2 of the Disclosure Guidance and Transparency Rules, the directors of the Company have set out a corporate governance statement for the Company.

The ultimate parent of the Company is Iberdrola, S.A., whose shares are listed on all four stock markets in Spain. The Company, which is part of the group of companies controlled by Electricity North West (Holdings) Limited (the "**ENW(H) group**"), does not apply a corporate governance code. As part of the ENW(H) group, the Company has adopted the rules and principles of corporate governance applied by the ENW(H) group as they have been set by the board of directors of North West Electricity Networks (UK) Limited ("**NWEN (UK)**"), an indirect parent of the Company within the ENW(H) group. These rules and principles ("**the ENW(H) group corporate governance system**") are defined by the board of directors of NWEN (UK) in accordance with its own terms of reference and the '*Foundations for the Definition and Coordination of the Iberdrola Group*', all of which are based on widely recognised good governance recommendations. Those rules and principles of the ENW(H) group governance and sustainability system that applied to the Company as part of the ENW(H) group during the financial period are set out below.

The terms of reference of the NWEN (UK) board of directors and the terms of reference of **the Company's** Audit and Compliance Committee ("**ENWL ACC**"), together with the rest of the ENW(H) group corporate governance system, are published on www.enwl.co.uk under '**About Us > Corporate Governance**'.

DIRECTORS' REPORT (continued)

Details of the Scottish Power Limited Board ("SPL Board") and the Scottish Power Limited Audit and Compliance Committee ("SP ACC") are included below, given their scope of purview for the group of companies controlled by Scottish Power Limited, including the Company, and the inter-ACC coordination requirements under their respective Terms of Reference, and the General Framework for Relations of Coordination and Information among the Audit Committees of Iberdrola, S.A. and its group.

Corporate governance system

The Company is governed by the Board, which consists of six directors at the date of approval of these accounts, who bring a broad range of skills and experience to the Company. The Board is regulated in accordance with the Company's Articles of Association.

In discharging its responsibilities and in the exercise of its decision-making powers, and in accordance with the Company's Articles of Association, the Board has adhered to the ENW(H) group corporate governance system which applies to the Company as part of the ENW(H) group. The ENW(H) group corporate governance system includes the internal corporate rules approved by NWEN (UK) in accordance with the 'Foundations for the Definition and Coordination of the Iberdrola Group' and the 'Ethical and Basic Principles of Governance and Sustainability of the Iberdrola Group'.

Board composition

The directors who held office during the 9 month period to 31 December 2025 were as follows:

Stephanie Trubshaw (appointed 29 July 2025)	Chief Operating Officer	Attended two meetings
Christopher Johns	Chief Financial Officer	Attended four meetings
Ian Smyth (resigned 2 July 2025)	Chief Executive Officer (CEO)	Attended two meetings
Alistair Buchanan	Chair, independent non-executive director	Attended four meetings
Harold Hutchinson	Independent non-executive director	Attended four meetings
Keith Anderson	Non-executive director	Attended four meetings
Charles Langan	Non-executive director	Attended four meetings
David José Mesonero Molina (resigned 31 December 2025)	Non-executive director	Attended one meeting
Tetsuo Onaru (appointed 2 July 2025)	Non-executive director	Attended two meetings
Masahide Yamada (resigned 2 July 2025)	Non-executive director	Attended two meetings

Alistair Buchanan resigned as a director on 13 January 2026.

Ellen Fraser was appointed as an independent, non-executive director on 1 January 2026.

Ana T. Lafuente González was appointed as a non-executive director on 1 January 2026.

Makoto Murata was the appointed alternate director for Masahide Yamada until his resignation on 2 July 2025. Shinichiro Kitagawa is the appointed alternate director for Tetsuo Onaru.

There is no separate Appointments Committee within the ENW(H) group. Instead, appointment matters relevant to the ENW(H) group and the Company are dealt with in accordance with an internal group procedure for approving proposed appointments or removals of directors at companies in which the Iberdrola group holds an interest and the terms of a shareholders' agreement between ENW(H) and its direct shareholders, Scottish Power Energy Networks Holdings Limited and KDM Power Limited.

DIRECTORS' REPORT (continued)

Purpose and values

The structure of the Company is set out in the Strategic Report. During the financial period, the Board has taken into account the Purpose and Values of the Iberdrola group which are published on www.enwl.co.uk under 'About Us > Corporate Governance'. This document defines and promotes the purpose and values of the Company and the ENW(H) group.

Director responsibilities

The directors are fully aware of their duties under the Companies Act 2006, including as set out in Section 172 of the same. The primary responsibility of the Board is to supervise and make decisions as required in **relation to the activities of the Company's business, in accordance at all times with the ENW(H) group corporate governance system and the provisions of all applicable legislation and regulations.**

The Board has the necessary autonomy to carry out the day-to-day management and effective **administration of the Company's business, as well as responsibility for its ordinary control.**

Further relevant information on the administrative, management and supervisory bodies of the boards of **the Company's parents, as they are pertinent to the ENW(H) group and the Company,** are described in the section below.

Opportunity and risk

The delivery of the **Company's** strategy requires the Company to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting performance and reputation by prudently managing the risk inherent in the business.

To maintain this strategic direction, the Company develops and implements risk management policies and procedures and promotes a robust control environment at all levels of the organisation. Details of the applicable risk policies are published on www.enwl.co.uk under 'About Us > Corporate Governance'.

Remuneration

The executive directors of the Company are subject to an annual evaluation of their performance in respect of their executive responsibilities as part of the performance management framework which is in place throughout the ENW(H) group.

There is no separate remuneration committee within ENW(H) group. Instead, remuneration matters relevant to ENW(H) group and the Company are dealt with in accordance with the aforementioned performance management framework.

Prior to the 1st of April 2025 the executive directors of the Company were subject to the Electricity North West group performance management framework and remuneration matters were dealt with by the Electricity North West Remuneration Committee.

Stakeholders

The Board fully recognises that effective and meaningful engagement with stakeholders is key to promoting the success of the Company. The details of key stakeholders, why they are important to the Company, and how it engages with its stakeholders are an integral part of its strategic goals and are described in the Strategic Report.

DIRECTORS' REPORT (continued)

Administrative, management and supervisory bodies

Scottish Power Limited Board ("SPL Board")

The primary responsibilities of the SPL Board include disclosing, implementing and ensuring compliance with the policies, strategies and general guidelines of the ScottishPower group, in accordance at all times with the provisions of all applicable legislation and regulations.

The SPL Board comprised the Chairman, José Ignacio Sánchez Galán, who is also the Executive Chairman of Iberdrola, and eight other directors as at 31 December 2025.

The SPL Board met four times during the period under review. The members of the SPL Board and their attendance record were as follows:

José Ignacio Sánchez Galán	Chairman, internal, non-executive director	Attended four meetings
Professor Sir James McDonald	Vice-chairman, external, non-executive director	Attended three meetings
Keith Anderson	Chief Executive Officer	Attended four meetings
Wendy Barnes	External, non-executive director	Attended four meetings
Iñigo Fernández de Mesa Vargas	External, non-executive director	Attended four meetings
Lord Hutton of Furness (appointed 6 May 2025)	External, non-executive director	Attended four meetings
Daniel Alcain López	Internal, non-executive director	Attended four meetings
Gerardo Codes Calatrava	Internal, non-executive director	Attended four meetings
José Sainz Armada	Internal, non-executive director	Attended four meetings

The terms of reference of the SPL Board are published on the ScottishPower corporate website www.scottishpower.com.

Scottish Power Limited Audit and Compliance Committee ("SP ACC")

The SP ACC, a permanent internal body established by the SPL Board, has an informative and consultative role, without executive functions, with powers of information, assessment and presentation of proposals to the SPL Board within the SP ACC's own terms of reference.

The SP ACC's responsibilities include amongst other things:

- monitoring the financial and non-financial information preparation processes for the ScottishPower group;
- overseeing the independence, activities, and efficiency of ScottishPower's Internal Audit and Risk department;
- overseeing and reviewing the activities of the ScottishPower Compliance Unit;
- monitoring the statutory audit of the Annual Report and Accounts of Scottish Power Limited; and
- monitoring the independence of the ScottishPower group's external auditor and recommending to the SPL Board the (re-)appointment and the associated terms of engagement of the same.

The SP ACC's terms of reference are published on the ScottishPower corporate website and further define the responsibilities of the SP ACC.

DIRECTORS' REPORT (continued)

The SP ACC met four times during the period under review. The members of the SP ACC and their attendance record are shown below:

Iñigo Fernández de Mesa Vargas	Chair, external, non-executive director	Attended four meetings
Wendy Barnes	External, non-executive director	Attended four meetings
Lord Hutton of Furness (appointed 6 May 2025)	External, non-executive director	Attended three meetings
Daniel Alcain López	Internal, non-executive director	Attended four meetings

In addition to the attendance set out above, the ScottishPower Chief Financial Officer, the Director of Internal Audit and Risk, together with the Risk Director, and the Chief Compliance Officer normally attend (wholly or in part), by invitation, all meetings of the SP ACC. Other members of senior management are also invited to attend as appropriate. During the period under review, the external auditor attended (in part) three meetings of the SP ACC.

Matters considered by the SP ACC during 2025

The issues that the SP ACC specifically addressed are detailed in its report which is published on the **ScottishPower corporate website** under 'Corporate Governance' / 'Board of Directors'.

ScottishPower Management Committee ("SPMC")

The SPMC is a permanent internal body, which was established by the SPL Board to provide an informative and coordinating role regarding the activities of the ScottishPower group to which the Company belongs. In accordance with the corporate governance arrangements of the ScottishPower group and the separation of regulated activities, the SPMC does not exercise any executive function as a decision-making body. The SPMC normally meets weekly and receives regular information on the activities of the ScottishPower group, including those of the Company, in order to support the corporate functions and lines of business in understanding the local, legal, regulatory and market specifics in the UK and in order to assist the ScottishPower chief executive officer (CEO) in the performance of his duties. The CEO defines the composition of the SPMC, having regard to the role assigned thereto, and other members of management are invited to attend as appropriate.

ScottishPower Executive Committee ("SP ExCom")

The SP ExCom is a permanent internal body, which was established in 2025, by the SPL Board with executive powers defined under its own terms of reference (published on the ScottishPower corporate website).

The terms of reference of the SP ExCom provide that it is comprised of the Chairman and the CEO of the SPL Board, together with two non-executive directors of the same (of which one is an external director). The SP ExCom met three times during the period under review. The members of the SP ExCom and their attendance record were as follows:

José Ignacio Sánchez Galán	Chairman, internal, non-executive director	Attended three meetings
Professor Sir James McDonald	Vice-chairman, external, non-executive director	Attended three meetings
Keith Anderson	Chief Executive Officer	Attended three meetings
José Sainz Armada	Internal, non-executive director	Attended three meetings

DIRECTORS' REPORT (continued)

NWEN (UK) Board

The NWEN (UK) Board is responsible for the effective management of the ENW(H) group. The NWEN (UK) Board meets regularly and reviews strategy, operational performance and risk issues for the ENW(H) group as a whole.

The directors of the NWEN (UK) Board who held office during the period and their attendance record were as follows:

Stephanie Trubshaw (appointed 29 July 2025)	Chief Operating Officer	Attended two meetings
Christopher Johns	Chief Financial Officer	Attended four meetings
Ian Smyth (resigned 2 July 2025)	Chief Executive Officer	Attended one meeting
Keith Anderson	Non-executive director	Attended four meetings
Charles Langan	Non-executive director	Attended four meetings
David José Mesonero Molina (resigned 31 December 2025)	Non-executive director	Attended one meeting
Tetsuo Onaru (appointed 2 July 2025)	Non-executive director	Attended two meetings
Masahide Yamada (resigned 2 July 2025)	Non-executive director	Attended two meetings

Ana T. Lafuente González was appointed as a non-executive director on 1 January 2026.

Makoto Murata was the appointed alternate director for Masahide Yamada until his resignation on 2 July 2025. Shinichiro Kitagawa is the appointed alternate director for Tetsuo Onaru.

The terms of reference of the NWEN (UK) Board together with rest of the ENW(H) group '*Governance and Sustainability System*' approved by the NWEN (UK) Board, are published on www.enwl.co.uk under '**About Us > Corporate Governance**' and further define the responsibilities and powers of the NWEN (UK) Board as regards the ENW(H) group.

The Company Audit and Compliance Committee ("**ENWL ACC**")

The ENWL ACC undertakes the role and function of the SP ACC as they relate to the companies in the ENW(H) group. The relationship between the SP ACC and the ENWL ACC is governed in accordance with their respective terms of reference.

The ENWL ACC's terms of reference are published at www.enwl.co.uk under '**About Us > Corporate Governance**' and further define the responsibilities of the ENWL ACC.

The ENWL ACC, a permanent internal body, has an informative and consultative role, without executive functions, with powers of information, assessment and presentation of proposals to the Board within its scope of action, which is governed by the terms of reference of the ENWL ACC.

The ENWL ACC met six times during the financial period under review. The members of the ENWL ACC and their attendance record are shown below:

Harold Hutchinson	Chair, non-executive director	Attended six meetings
Alistair Buchanan	Non-executive director	Attended six meetings
Charles Langan	Non-executive director	Attended six meetings

Alistair Buchanan resigned as a director on 13 January 2026 and ceased to be a member of the ENWL ACC on that date. Ellen Fraser was appointed as a member of the ENWL ACC on 28 January 2026.

DIRECTORS' REPORT (continued)

The ENWL ACC's responsibilities include:

- monitoring the financial and non-financial information preparation processes;
- overseeing the independence and efficiency of internal audit;
- overseeing and reviewing the activities of compliance and risk management departments;
- monitoring the statutory audits of the Annual Report and Financial Statements; and
- monitoring the independence of the external auditor and recommending to the Board the appointment or reappointment of the auditor and the associated terms of engagement.

The issues that the ENWL ACC specifically addressed and attendance at its meetings during 2025 are detailed in its report which is published on www.enwl.co.uk under 'About us / Corporate Governance / Audit and Compliance Committee'. In preparing the consolidated financial statements for the period ended 31 December 2025, the significant accounting issues reviewed and considered by the ENWL ACC were the change to accounting policy for wayleaves and changes to accounting estimates in the following areas: useful economic lives of property, plant and equipment and amortisation period of software assets; capitalisation of overheads; and retirement benefit scheme. Further information is presented in Note 1 to these consolidated financial statements.

DIRECTORS' INDEMNITY

In terms of the Company's Articles of Association, a qualifying third-party indemnity provision is in force for the benefit of all the directors of the Company and has been in force during the financial period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- **assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and**
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS (continued)

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

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

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Directors' confirmations

The directors consider that the Annual Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

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

Each of the directors in office as at the date of this Annual Report and Consolidated Financial Statements confirms that:

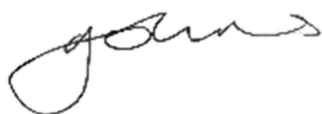
- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent auditor

KPMG LLP, the independent auditor of Iberdrola, S.A. and its subsidiaries, was appointed auditor of the Company and Group for the period ended 31 December 2025 in place of the retiring auditor, PricewaterhouseCoopers LLP.

ON BEHALF OF THE BOARD



Chris Johns
Director
31 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED

1 Our opinion is unmodified

We have audited the financial statements of Electricity North West Limited ("the Company") for the nine month period ended 31 December 2025 which comprise the Consolidated and Company Statements of Financial Position; the Consolidated and Company Statements of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, and the Consolidated and Company Statements of Cash Flows, and the related notes, including the accounting policies in Note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2025 and of the Group's profit for the nine month period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Compliance Committee.

We were first appointed as auditor by the directors on 25 September 2025. The period of total uninterrupted engagement is for the one financial period ended 31 December 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED (continued)

Group and parent Company: Retirement benefit obligation

Group and Company: (31 December 2025: Liability of £804.1 million; 31 March 2025: Liability of £769.1 million)

Refer to page 57 (accounting policy) and Note 23 (Retirement Benefit Schemes).

The risk – Subjective Estimate – Relatively small changes in the key actuarial assumptions and estimates **used to value the Group and parent Company's retirement benefit obligation, including the discount rate**, price inflation and life expectancy of members, could materially impact the valuation of the obligation at the period-end due to the judgement involved in developing the assumptions.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the retirement benefit obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount.

The financial statements (Note 23, page 92) disclose the sensitivity estimated by the Group and the parent Company.

Our response – **We performed the tests below rather than seeking to rely on the Group's controls because** the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- Methodology implementation and benchmarking of assumptions: Assessing, with the support of our internal actuarial specialists, the methodology implemented by the Group for setting up the individual actuarial assumptions;
- Benchmarking assumptions: Challenging, with the support of our internal actuarial specialists, the key assumptions applied, being the discount rate, price inflation and life expectancy of members against our independently derived assumptions;
- Tests of detail: Agreeing a selection of membership and cash flow data used to calculate the valuation of the retirement benefit obligation to legal documents and bank statements;
- **Assessing valuers' credentials:** Evaluating the competence, capability and objectivity of the Group's external actuary; and
- Assessing transparency: **Assessing the adequacy of the Group and parent Company's disclosures** in respect of the sensitivity of the deficit to these assumptions.

Our results – We found the valuation of the retirement benefit obligation to be acceptable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED (continued)

3 Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £16.2 million, determined with reference to a benchmark of Group total assets of £4,835.8 million of which it represents 0.3%.

Materiality for the parent Company financial statements as a whole was set at £16.0 million, determined with reference to a benchmark of total assets of £4,662.3 million of which it represents 0.3%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £10.5 million for the Group and £10.4 million for the parent Company. We applied this percentage in our determination of performance materiality to achieve a higher level of precision relative to materiality in response to a number of factors including this being a first period audit.

We agreed to report to the Audit and Compliance Committee any corrected or uncorrected identified misstatements exceeding £0.8 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified three components, having considered our evaluation of the Group's operational structure, existence of common information systems and the presence of key audit matters and our ability to perform audit procedures centrally. All three components are located in the UK, being the parent Company, and two dormant subsidiaries companies (Electricity North West Number 1 Company Limited and ENW (ESPS) Pensions Trustees Limited).

Of those, we identified one quantitatively significant component, the parent Company, which contributed **100 per cent of the Group's total revenue and 96 per cent of the Group's total assets, for which we performed audit procedures.** The remaining two components are inconsequential components.

We set the component materiality of the parent Company, having regard to size and risk profile, at £16.0 million.

Our audit procedures covered 96% of Group total assets and 100% of Group total revenue.

The Group auditor performed the audit of the parent Company.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED (continued)

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and as they have concluded that **the Group's and the parent Company's financial position** means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial **statements ("the going concern period")**.

We used our knowledge of the Group, its industry, and the general economic environment to identify the **inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations** over the going concern period. The risks **that we considered most likely to adversely affect the Group's and parent Company's available financial resources** included possible changes in inflation, a reduction in volume of electricity distributed, and an increase in the occurrence of severe weather events.

We also considered less predictable but realistic second order impacts, such as the impact widespread storm related costs, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the **going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's and parent Company's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.**

Our procedures also included critically assessing assumptions in the directors' base and downside scenarios relevant to liquidity.

We considered whether the going concern disclosure in note 1 to the financial statements gives a **full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.**

Our conclusions based on this work:

- **we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;**
- **we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for the going concern period; and**
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED (continued)

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the internal audit function, the Group’s legal function and the compliance function and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for directors.
- Reading Board and Group Audit and Compliance Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with our own forensic professional regarding the identified fraud risks factors. This involved discussion between the forensic professional and the senior members of the engagement team.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account any potential pressures to meet profit targets, recent revisions to guidance and our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as retirement benefit obligation assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group’s revenues consist entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgement.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to revenue or cash where the other side of the entry was to an unexpected account.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED (continued)

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pensions legislation in respect of multi-employer defined benefit pension schemes, tax legislation and regulatory requirements governing certain revenue streams and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the **loss of the Group's licenses to operate. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety legislation, fraud, anti-corruption and anti-bribery legislation, employment and social security legislation including minimum wage and pension auto-enrolment, environmental protection legislation, Ofgem regulations, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.**

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED (continued)

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 29 to 30, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are **free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's** report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

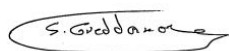
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST LIMITED (continued)

The Company is required to include these financial statements in an annual financial report prepared under **Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R**. **This auditor's report provides no assurance** over whether the annual financial report has been prepared in accordance with those requirements.

9 The purpose of our audit work and to whom we owe our responsibilities

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



Slim Gueddana (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
31 March 2026

CONSOLIDATED AND COMPANY STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the 9 month period ended 31 December 2025

Group and Company	Notes	9 months to Dec 2025 £m	*Restated 12 months to Mar 2025 £m
Revenue	4	526.0	654.4
Employee costs	5,6	(56.4)	(80.0)
Depreciation and amortisation expense	5	(156.5)	(157.6)
Other operating costs	5	(97.9)	(134.6)
Total operating costs		(310.8)	(372.2)
OPERATING PROFIT		215.2	282.2
Finance income	8	3.5	6.7
Finance costs	9	(96.4)	(40.5)
PROFIT BEFORE INCOME TAX		122.3	248.4
Income tax expense	10	(30.2)	(61.9)
PROFIT FOR THE PERIOD	28	92.1	186.5
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefit scheme	23	(21.1)	14.1
Deferred tax on remeasurement of retirement benefit scheme	25	5.3	(3.5)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	28	(15.8)	10.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		76.3	197.1

*The comparative information has been restated, see Note 1 for more details.

The results for the current period and prior year are derived from continuing operations.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes which form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

at 31 December 2025

	Notes	Group Dec 2025 £m	Company Dec 2025 £m	*Restated Group Mar 2025 £m	*Restated Company Mar 2025 £m
NON-CURRENT ASSETS					
Property, plant and equipment	11	4,164.2	4,164.2	3,998.8	3,998.8
Right-of-use assets ¹	12	13.5	13.5	14.4	14.4
Intangible assets and goodwill	13	58.6	58.6	53.1	53.1
Investment in subsidiaries	14	-	15.4	-	15.4
Derivative assets	20	262.1	262.1	236.0	236.0
Retirement benefit surplus	23	39.3	39.3	56.1	56.1
		4,537.7	4,553.1	4,358.4	4,373.8
CURRENT ASSETS					
Inventories	15	75.6	75.6	56.7	56.7
Trade and other receivables	16	116.6	116.6	99.7	99.7
Cash and cash equivalents	17	105.9	105.9	132.1	132.1
		298.1	298.1	288.5	288.5
TOTAL ASSETS		4,835.8	4,851.2	4,646.9	4,662.3

*The comparative information has been restated, see Note 1 for more details.

¹ Right-of-use assets have been presented as a separate line item at 31 December 2025; previously these were included in property, plant and equipment. Accordingly, the comparative amounts are also presented as a separate line item.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

(continued)

at 31 December 2025

		Group Dec 2025 £m	Company Dec 2025 £m	*Restated Group Mar 2025 £m	*Restated Company Mar 2025 £m
CURRENT LIABILITIES					
Trade and other payables	18	(229.3)	(245.0)	(187.3)	(203.0)
Current income tax liability		(11.4)	(11.4)	(8.6)	(8.6)
Borrowings	19	(461.1)	(461.1)	(465.8)	(465.8)
Lease liabilities ²	12	(2.5)	(2.5)	(4.0)	(4.0)
Customer contributions	24	(71.5)	(71.5)	(67.1)	(67.1)
Provisions	26	(1.1)	(1.1)	(2.5)	(2.5)
		(776.9)	(792.6)	(735.3)	(751.0)
NON-CURRENT LIABILITIES					
Borrowings	19	(1,103.8)	(1,103.8)	(1,094.3)	(1,094.3)
Lease liabilities ²	12	(13.8)	(13.8)	(13.5)	(13.5)
Derivative liabilities	20	(572.3)	(572.3)	(518.3)	(518.3)
Customer contributions	24	(769.9)	(769.9)	(749.9)	(749.9)
Deferred tax	25	(313.2)	(313.2)	(307.9)	(307.9)
Provisions	26	(2.0)	(2.0)	(1.1)	(1.1)
		(2,775.0)	(2,775.0)	(2,685.0)	(2,685.0)
TOTAL LIABILITIES		(3,551.9)	(3,567.6)	(3,420.3)	(3,436.0)
NET ASSETS		1,283.9	1,283.6	1,226.6	1,226.3
EQUITY					
Share capital	27,28	238.4	238.4	238.4	238.4
Share premium account	28	4.4	4.4	4.4	4.4
Revaluation reserve	28	66.6	66.6	68.0	68.0
Capital redemption reserve	28	8.6	8.6	8.6	8.6
Retained earnings	28	965.9	965.6	907.2	906.9
	28	1,283.9	1,283.6	1,226.6	1,226.3

*The comparative information has been restated, see Note 1 for more details.

² Lease liabilities have been presented as a separate line item at 31 December 2025; previously these were included in borrowings. Accordingly, the comparative amounts are also presented as a separate line item.

The above consolidated and Company statement of financial position should be read in conjunction with the notes, which form part of these financial statements

Approved by the Board and signed on its behalf on 31 March 2026:



Chris Johns
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 9 month period ended 31 December 2025

	Share capital (Note 27)	Share premium account	Revaluation reserve	Capital redemption reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
At 1 April 2024	238.4	4.4	70.0	8.6	757.0	1,078.4
*Restatement for changes in policy	-	-	-	-	(3.5)	(3.5)
*Restated at 1 April 2024	238.4	4.4	70.0	8.6	753.5	1,074.9
Profit for the financial year	-	-	-	-	186.5	186.5
Other comprehensive income for the financial year	-	-	-	-	10.6	10.6
Transfer from revaluation reserve	-	-	(2.0)	-	2.0	-
Total comprehensive income for the financial year	-	-	(2.0)	-	199.1	197.1
Dividends (Notes 28 & 30)	-	-	-	-	(45.4)	(45.4)
At 31 March 2025	238.4	4.4	68.0	8.6	907.2	1,226.6
At 1 April 2025	238.4	4.4	68.0	8.6	907.2	1,226.6
Profit for the financial period	-	-	-	-	92.1	92.1
Other comprehensive income for the financial period	-	-	-	-	(15.8)	(15.8)
Transfer from revaluation reserve	-	-	(1.4)	-	1.4	-
Total comprehensive income for the financial period	-	-	(1.4)	-	77.7	76.3
Dividends (Notes 28 & 30)	-	-	-	-	(19.0)	(19.0)
At 31 December 2025	238.4	4.4	66.6	8.6	965.9	1,283.9

*The comparative information has been restated, see Note 1 for more details.

The above consolidated statement of changes in equity should be read in conjunction with the notes, which form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the 9 month period ended 31 December 2025

	Share capital (Note 27)	Share premium account	Revaluation reserve	Capital redemption reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
At 1 April 2024	238.4	4.4	70.0	8.6	756.7	1,078.1
*Restatement for changes in policy and estimates	-	-	-	-	(3.5)	(3.5)
*Restated at 1 April 2024	238.4	4.4	70.0	8.6	753.2	1,074.6
Profit for the financial year	-	-	-	-	186.5	186.5
Other comprehensive income for the financial year	-	-	-	-	10.6	10.6
Transfer from revaluation reserve	-	-	(2.0)	-	2.0	-
Total comprehensive income for the financial year	-	-	(2.0)	-	199.1	197.1
Dividends (Notes 28 & 30)	-	-	-	-	(45.4)	(45.4)
*Restated at 31 March 2025	238.4	4.4	68.0	8.6	906.9	1,226.3
At 1 April 2025	238.4	4.4	68.0	8.6	910.4	1,229.8
*Restatement for changes in policy and estimates	-	-	-	-	(3.5)	(3.5)
*Restated at 1 April 2025	238.4	4.4	68.0	8.6	906.9	1,226.3
Profit for the financial period	-	-	-	-	92.1	92.1
Other comprehensive income for the financial period	-	-	-	-	(15.8)	(15.8)
Transfer from revaluation reserve	-	-	(1.4)	-	1.4	-
Total comprehensive income for the financial period	-	-	(1.4)	-	77.7	76.3
Dividends (Notes 28 & 30)	-	-	-	-	(19.0)	(19.0)
At 31 December 2025	238.4	4.4	66.6	8.6	965.6	1,283.6

*The comparative information has been restated, see Note 1 for more details.

The above consolidated statement of changes in equity should be read in conjunction with the notes, which form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the 9 month period ended 31 December 2025

Group and Company	Notes	9 months to Dec 2025 £m	*Restated 12 months to Mar 2025 £m
Operating activities			
Cash generated from operations	34	322.6	414.2
Customer contributions received	24	40.0	37.5
Interest paid		(42.3)	(79.8)
Interest portion of lease liabilities	9	(1.2)	(1.7)
Income taxes paid		(16.7)	(28.6)
Net cash generated from operating activities		302.4	341.6
Investing activities			
Interest received and similar income		3.8	6.9
Purchase of property, plant and equipment		(306.6)	(355.4)
Purchase of intangible assets		(15.5)	(15.2)
Proceeds from sale of property, plant and equipment		0.3	0.5
Net cash used in investing activities		(318.0)	(363.2)
Net cash flow before financing activities		(15.6)	(21.6)
Financing activities			
Repayment of external borrowings	19	(4.8)	(9.3)
Repayment of lease liabilities	34	(2.4)	(2.5)
Increase in loan from parent	19	2.9	1.3
Movement on cash collateral held		12.7	19.8
Dividends paid	28,30	(19.0)	(45.4)
Net cash used in financing activities		(10.6)	(36.1)
Net decrease in cash and cash equivalents		(26.2)	(57.7)
Cash and cash equivalents at start of period	17	132.1	189.8
Cash and cash equivalents at end of period	17	105.9	132.1

*The comparative information has been restated, see Note 1 for more details.

The above consolidated statement of changes in equity should be read in conjunction with the notes, which form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the 9 month period ended 31 December 2025

Electricity North West Limited (“the Company”), registered company number 02366949, is a private company limited by shares, incorporated and domiciled in the United Kingdom. The registered address of the Company is: Electricity North West, Borrton Street, Stockport, England, SK1 2JD.

On 30 September 2025, the accounting reference date of the Company was changed from 31 March to 31 December, therefore, this report covers the 9 month period from 1 April 2025 to 31 December 2025. The comparative figures are for the year ended 31 March 2025 and, therefore, are not directly comparable to the current period due to the difference in length of reporting period. This change was implemented to align the Company's financial reporting period with that of the wider Iberdrola group.

1 BASIS OF PREPARATION

The material accounting policies adopted in the preparation of these financial statements are set out in Note 3. Monetary amounts are presented in pound sterling, which is the functional currency of the Company and presentation currency of the Group. All values are stated in million pounds (£m) unless otherwise indicated.

The Group and Company financial statements have been prepared in accordance with UK-adopted International accounting standards **as issued by the International Accounting Standards Board (“IASB”)** and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Group and Company financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value, retirement benefit scheme, and certain property, plant and equipment that were revalued in 1997. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition method. On acquisition of subsidiaries deemed to be business combinations, the assets and liabilities of the subsidiary are measured at fair value at the date of acquisition. The cost of acquisition is measured at the fair value of any assets given, equity instruments issued and liabilities or assumed at the date of exchange. Transaction costs related to the acquisition are expensed as incurred. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognised as goodwill.

Accounting policies are consistent in all Group companies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group members are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 BASIS OF PREPARATION (continued)

Change to accounting policy - wayleaves

The Company enters wayleave contracts with landowners to access land to install and maintain operational assets. Within the industry, there is some diversity in the acceptable accounting treatments applied to such contacts, between executory contracts (which are expensed as incurred) and lease accounting, where the entity deems it has control of the specified asset. In the prior year, these were treated as executory contracts.

Following acquisition by ScottishPower, the directors have reviewed the Group's judgements and estimates and performed an analysis in respect of the wayleaves contracts and have concluded that based on the additional information available it is appropriate to update this judgement. Therefore, the wayleave contracts have now been accounted for in line with IFRS 16 '**Leases**', recognising right-of-use assets, lease liabilities and related charges for these contracts. This voluntary change in policy has been applied retrospectively and comparatives restated accordingly.

The following tables show the impact of the restatement for the Group and the Company on the affected financial statement line items. In addition, management has noted the impact on the consolidated statement of cash flows is not material and has affected the Interest portion of lease liabilities in the operating activities (an increase of £1.4m) and the repayments of lease liabilities in the financing activities (an increase of £0.6m). The right-of-use assets and current and non-current lease liabilities are now presented as separate line items on the face of the statement of financial position, but were previously shown within property, plant and equipment, current borrowings and non-current borrowings, respectively:

Consolidated statement of financial position	Right-of-use assets £m	Trade and other receivables £m	Current lease liabilities £m	Non-current lease liabilities £m	Retained earnings £m
At 1 April 2024:					
Previously reported	4.8	102.5	(1.8)	(3.1)	757.0
Impact	8.7	(1.2)	(2.0)	(10.1)	*(3.5)
Restated	13.5	101.3	(3.8)	(13.2)	753.5
At 31 March 2025:					
Previously reported	6.0	100.9	(2.0)	(3.7)	910.7
Impact	8.4	(1.2)	(2.0)	(9.8)	*(3.5)
Restated	14.4	99.7	(4.0)	(13.5)	907.2

*The impact on retained earnings is net of a £1.1m tax credit, comprised of a £0.1m reduction in the current tax liability and a £1.0m reduction in the deferred tax liability. This reflects the spreading of the tax deduction of the adjustments to opening reserves over 10 years.

Consolidated statement of profit or loss and other comprehensive income	Depreciation and amortisation expense £m	Other operating costs £m	Finance Costs £m
12 months to 31 March 2025:			
Previously reported	(157.0)	(136.6)	(39.1)
Impact	(0.6)	2.0	(1.4)
Restated	(157.6)	(134.6)	(40.5)

As the adjustments through profit or loss net to £nil in each period presented, there is no impact of these on current or deferred corporation tax, in either period presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 BASIS OF PREPARATION (continued)

Change to estimate – useful economic lives of property, plant and equipment and amortisation period of software assets

During the period ended 31 December 2025, the Group revised the estimated useful economic life (“UEL”) and amortisation period of several asset classes. Following acquisition by ScottishPower, the Directors have reviewed the Group's judgements and estimates and performed an analysis in respect of the useful economic lives and amortisation periods of the assets and have concluded that based on the additional information available it is appropriate to update this estimate. These changes were applied prospectively from 1 April 2025.

The impact of these changes in the period has been an increased depreciation charge of £32.5m, increased amortisation charge of £0.4m and a decrease in the amortisation of customer contributions through revenue of £1.3m, reducing profit by a total of £34.2m.

Asset class	Operational structures	Non-operational land and buildings	Fixtures, equipment, vehicles and other	Software	Total
Previous estimated UELs	5-84 years	30-84 years	2-40 years	1-12 years	
Revised estimated UELs	10-60 years	50 years	4-12 years	4-8 years	
For the 9 months ended 31 December 2025:					
Increased depreciation charge	£28.8m	£(0.1)m	£3.8m	-	£32.5m
Increased amortisation charge	-	-	-	£0.4m	£0.4m
Decreased amortisation through revenue	£1.3m	-	-	-	£1.3m
Total impact	£30.1m	£(0.1)m	£3.8m	£0.4m	£34.2m

Change to estimate – capitalisation of overheads

During the period ended 31 December 2025, the Group revised the rate at which fault costs were capitalised into property, plant and equipment. Following acquisition by ScottishPower group, the Directors have reviewed the Group's judgements and estimates and performed an analysis in respect of the capitalisation of overheads and have concluded that based on the additional information available it is appropriate to update this estimate. This change in estimate was applied prospectively from 1 April 2025 and resulted in £6.2m more costs being capitalised in the period than would have been had the change not occurred. This has reduced the other operating costs in the statement of profit or loss and other comprehensive income by £6.2m, and increased the property, plant and equipment in the statement of financial position correspondingly.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 BASIS OF PREPARATION (continued)

Change to estimate – retirement benefit scheme

During the period ended 31 December 2025, the Group revised the actuarial assumptions used in **determining the defined benefit obligation under IAS 19 'Employee Benefits'**. Following acquisition by ScottishPower group, the Directors have reviewed the Group's judgements and estimates and performed an analysis in respect of the scheme assumptions and have concluded that based on the additional information available it is appropriate to update this estimate. These changes in assumptions resulted in a £3.1m decrease in the net defined benefit surplus recognised on the statement of financial position as at 31 December 2025.

The table below shows the actuarial assumptions that would have been used for the period ending 31 December 2025 before alignment compared to those following alignment.

	Assumptions before alignment	Assumptions after alignment
Discount rate	5.40%	5.32%
Pensionable salary increases	3.75%	3.76%*
Pension increases (RPI)	2.85%	2.82%
Price inflation (RPI)	3.05%	2.96%
Price inflation (CPI)	2.65%	2.56%

*3.76% in 2025, 2026. 2.66% thereafter.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 BASIS OF PREPARATION (continued)

Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

- **The Company's** electricity distribution licence includes the obligation in standard licence condition 40 to maintain an investment grade issuer credit rating, which has been met.
- Under section 3A of the Electricity Act 1989, the Gas and Electricity Markets Authority has a duty, in carrying out its functions, to have regard to the need to secure that licence holders are able to finance their activities, which are the subject of obligations imposed by or under Part 1 of the Electricity Act 1989 or the Utilities Act 2000.
- Management has prepared, and the directors have reviewed and approved, Group budgets for the year ending 31 December 2026. These budgets include profit projections and cash flow forecasts, including covenant compliance considerations. Inherent in forecasting is an element of uncertainty and key sensitivities are considered when budgets are approved, including possible changes in inflation and under recoveries of allowed revenue as plausible downside scenarios.
- Management has prepared forecasts covering the current RIIO-ED2 regulatory period, which runs to March 2028, reflecting the latest forecast of regulatory revenues, performance and uncertainty mechanisms. Forecasts demonstrate that there is sufficient headroom on key covenants assessed by external lenders of North West Electricity Networks plc (disclosed in Note 19) and that there are sufficient financial resources available to the Group within the forecast period. **The 'net debt to regulated asset value ("RAV") gearing' is the key financial covenant assessed by external lenders; this is forecast to be 58.6% at December 2026, 6 percentage points below the 65% lock-up level, representing £223m headroom.**
- Management has prepared liquidity forecasts on a monthly basis and performed inflation sensitivities on forecasts to March 2027, being at least 12 months from the date of approval of the financial statements. These sensitivities include macro-economic factors such as inflation at +/-1% and severe weather events.
- **Short-term liquidity requirements are forecast to be met from the Company's normal operating cash flows, cash and cash equivalents and a £650m inter-company loan from Scottish Power UK plc ("SPUK") (a member of the Iberdrola group), entered on 18 March 2026. The purpose of this £650m loan is to repay external debt maturing on 25 March 2026 (see below) and to provide additional liquidity for the Company and the Group. The maturity of this inter-company loan is 25 March 2036. The loan has a utilisation period available to 31 December 2026. The first £500m was drawn on 25 March 2026. Amounts of the loan not drawn during the utilisation period will automatically be cancelled. However, the directors have forecast that the remaining £150m will be drawn before the expiry of the utilisation period. In addition, the Company has a £250m committed undrawn borrowing facility, in the form of a revolving credit facility ("RCF") from SPUK, with original maturity date of 30 April 2027 and two extension options for further two years. The first extension option was exercised in March 2026 and the RCF maturity date was extended to 30 April 2028.**
- On 25 March 2026, the £450m 8.875% 2026 bonds held by the Company were repaid at par on maturity. The Company utilised the £650m inter-company loan from SPUK (see above) to repay the £450m bonds.
- In addition to the above, the Company also has a letter of support from SPUK through to at least 31 March 2027 for the provision of financial support to assist the Company in meeting its liabilities as they fall due, to the extent that money is not otherwise available to the Company. Based on the **directors'** going concern assessment and the forecasts prepared, the directors do not expect the Company and Group to be reliant on this support.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 BASIS OF PREPARATION (continued)

Going concern (continued)

- Though the Group is largely financed by long-term funding, any forecast, uncommitted financing has been removed from the assessment.
- The Group continues to monitor the geopolitical situations across the world, including in the Middle East, and continues to assess the risk this presents for energy prices. Currently due to the nature of the core activities of the Group the direct effect on the total cash flows and liquidity is expected to be limited.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the Consolidated and Company financial statements and, therefore, have prepared the financial statements on a going concern basis.

Adoption of new and amended standards

In preparing these Accounts, the Group and Company have applied all relevant standards and interpretations that have been adopted by the UK as of the date of approval of these financial statements and that are mandatory for the financial period ended 31 December 2025.

For the period ended 31 December 2025, the Group and Company have applied the following amendments for the first time and their application has not had a material impact on the Group's or Company's accounting policies, financial position or performance:

- Amendments to IAS 21 '*The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*';
- Amendments to IFRS 9 and IFRS 7 '*Contracts referencing Nature-dependent Electricity*'.

The Group and Company have chosen to early adopt the aforementioned Amendments to IFRS 9 and IFRS 7 thus applying these amendments effective from 1 April 2025.

The following new standards and amendments have been issued but are not yet effective and thus have not yet been implemented by the Group or Company:

- Amendments to IFRS 9 and IFRS 7 '*Contracts referencing Nature-dependent Electricity*', effective from 1 January 2026;
- Annual Improvements to IFRS Accounting Standards - Volume 11, effective from 1 January 2026;
- IFRS 18 '*Presentation and Disclosure in Financial Statements*', effective from 1 January 2027;
- IFRS 19 '*Subsidiaries without Public Accountability: Disclosures*', effective from 1 January 2027;
- IFRS 14 '*Regulatory Deferral Accounts*'; endorsement process not launched; and
- Amendments to IFRS 10 and IAS 28 '*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*'. The IASB has indefinitely deferred the effective date of these amendments.

The Group and Company intend to implement the pronouncements in line with the IASB effective date, subject to UK endorsement. The future application of these pronouncements is not expected to have a material impact on the accounting policies, financial position or performance of the Group or Company.

IFRS 18 '*Presentation and Disclosure in Financial Statements*' is effective for the Group and Company as of 1 January 2027. The application of this standard will not have a material impact on the underlying financial position or performance of the Group or Company. However, upon implementation, the Group will adapt the structure of the Statement of profit or loss and other comprehensive income to the categories and sub-totals established by the new standard and will include a specific note in the financial statements to report on the Group's management-defined performance measures.

In January 2021, the IASB published its exposure draft '*Regulatory Assets and Regulatory Liabilities*'. The IASB expects to publish the new standard later in 2026. The Group is monitoring this project and considering its impact on the Group and its adoption options.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates about the future, including climate-**related risks and opportunities, that affect the application of the Group's** accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Property, plant and equipment is depreciated over the estimated operational lives of the assets. The UELs applied are estimated by management based on their experience and reviewed at least annually. When management identifies that actual UELs differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. During the period, there was a change to the estimated UELs; see Note 1 for more information.

At the reporting date, management has not identified any critical judgements that may have a significant impact on the reported assets, liabilities, income or expense.

Significant estimation uncertainties

The following are the significant estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Retirement benefit scheme - **The Group's defined benefit obligation is derived using various assumptions**, as disclosed in Note 23. Results can be affected significantly by the assumptions used, which management decide based on advice by a firm of actuaries. See Note 1 for more information on the impact of these changes.

Non-significant judgements

Management has considered a non-significant judgment relating to climate change. This consideration **focussed on the Group's going concern position. No material impact on the judgements and estimates** made in the preparation of these financial statements has been identified.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently in the current period and prior year, apart from the changes listed in Note 1.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable primarily for the distribution of electricity in the normal course of business, net of VAT.

(a) Electricity distribution

The Company provides services under the Distribution Connection and Use of System Agreement (“DCUSA”) with its customers and derives the majority of its revenue from Distribution Use of System (“DUoS”) services. The recognition of revenue from the distribution of electricity is based on actual volumes distributed through the network and includes an assessment of the volume of unbilled energy distributed as at the period end. There is a single performance obligation whereby the Company is required to deliver electricity using its distribution network. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits and the Company has the right to payment for the services provided. Revenue includes unbilled income recognised relating to volumes distributed through the network but not yet invoiced at the period end.

Electricity distribution revenue is determined in accordance with the regulatory licence. Where revenue received or receivable in the year differs from the allowed revenue permitted by regulatory agreement, adjustments will be made to future prices to reflect this over/under recovery. Any over or under recoveries **resulting from these changes will be reflected in the calculation of the subsequent years’ allowed revenues** as set out in the regulatory framework. No accounting adjustments are therefore made for over or under recoveries in the year that they arise as they are contingent on future events (being the distribution of electricity in a future period).

Incentive income earned or adjustments for under/over-spend against total expenditure (“totex”) allowances, are not adjusted within revenue reported in the year within which they arise. These adjustments are factored into allowed revenue for future periods and consequently recognised as revenue when the associated volumes are distributed and the performance obligation is met.

(b) Government levies

Where the Company is directed to collect or pay levies by the Regulator, Ofgem, those levies are accounted for under IFRIC 21 ‘Levies’. In accordance with IFRIC 21, levies such as Supplier of Last Resort (“SoLR”) payment levies, are recognised progressively when an obligating event takes place. SoLR levies are directed from time to time by Ofgem, with specified payment and collection periods. In accordance with IFRIC 21 the liability associated with the levy is triggered progressively as the associated income becomes billable, being the defined obligating event.

Revenue from SoLR levies and the associated costs are therefore recognised proportionately over time in profit or loss, with the levy collection being reflected in revenue and the corresponding payment of the levy in operating costs.

(c) Customer contributions

Customer contributions received towards distribution system assets are contract liabilities until the performance obligations are completed. The amounts are deferred and credited to profit or loss over the estimated weighted average useful life of the underlying assets. The performance obligation is considered to be the provision of an ongoing network connection to the customers.

The performance obligation is regarded as satisfied over time as the Company creates a bespoke asset for **which they have no alternative use other than to provide electricity to the customer’s premises**. The Company has an enforceable right to payment for the performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Refundable customer contributions received in respect of property, plant and equipment are initially held as a liability within customer contributions. These amounts may be refunded to customers if the works do not go ahead, otherwise they will be credited to customer contributions and amortised to revenue over the life of the project.

(d) Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and costs are recognised by the stage of completion of the contract activity at the reporting date. The stage of completion is measured by reference to the contract costs incurred for work performed to date as a proportion of estimated total contract costs; this is considered to be the most appropriate method to reflect the stage of completion. In instances where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred to the extent that it is probable those costs will be recoverable.

The principal estimation technique used by the Company in attributing profit on contracts to a particular period is the preparation of forecasts on a contract-by-contract basis. These focus on revenues and costs to complete and enable an assessment to be made of the final out-turn of each contract. Consistent contract review procedures are in place in respect of contract forecasting. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in profit or loss the revenue and related costs as contract activity progresses.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately. Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is shown as due from customers on construction contracts. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on construction contracts within trade and other payables.

Taxation

The tax expense represents the sum of current and deferred tax charges or credits for the financial period, adjusted for prior year items. Current tax is based on taxable profit for the period and is calculated using tax rates and laws that have been enacted, or substantively enacted, at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit (temporary difference) and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 asset to be recovered.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax rates and laws enacted, or substantively enacted, at the reporting date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case it is also recognised in other comprehensive income.

For income tax arising on dividends, the related tax is recognised in the Statement of profit and loss and other comprehensive income, or in equity consistently with the transactions that generated the distributable profits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Research and development

Research costs are recognised in profit or loss as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to reliably measure the expenditure incurred during development.

Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair value of the identifiable assets and liabilities of an acquired business at the date of acquisition. Goodwill is recognised as an asset and is stated at cost less accumulated impairment losses. It is not amortised but reviewed for impairment at least annually and whenever there is an indication of impairment.

Where the asset does not generate cash flows that are independent from other assets, the Group **estimates the recoverable amount of the cash generating unit ("CGU") to which it belongs. For the purposes of impairment testing, the Group has determined that there is only one CGU.** When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of the expected future cash flows of the CGU, or disposal value if higher. The discount rate applied is determined based on market date and the cost of capital. Estimates of cash flows involve a greater degree of **judgement and are consistent with management's plans and forecasts. Refer to Note 13 for further details.**

Other intangible assets

Intangible assets with finite useful economic lives are stated initially at cost and are amortised on a straight-line basis over their estimated useful lives. The carrying amount is reduced by any accumulated impairment losses.

Amortisation periods for categories of intangible assets are:

- Computer software 4-8 years

Intangible assets under construction are not amortised. Amortisation commences from the date the intangible asset is available for use.

Property, plant and equipment

Property, plant and equipment is stated at cost, less any accumulated impairment losses and depreciated on a straight-line basis over the estimated UALs of the assets. Property, plant and equipment includes capitalised employee costs and other directly attributable costs. Borrowing costs directly attributable to the acquisition, construction or production of major qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Reviews of the estimated remaining lives and residual values of property, plant and equipment are undertaken annually.

Assets under construction are stated at cost, less any accumulated impairment losses. Once an asset (or a substantially complete multi-asset scheme) becomes available for use, it is transferred to the appropriate category of property, plant and equipment. Depreciation on these assets begins in the month following transfer.

Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The main depreciation periods used are set out below:

- | | |
|---|-------------|
| • Operational structures | 10-60 years |
| • Non-operational land and buildings | 50 years |
| • Fixtures, equipment, vehicles and other | 4-12 years |
| • Software | 4-8 years |

During the period, there were revisions to the estimated UALs of some assets. For more information on the impact of this change, see Note 1.

Leases

A contract is, or contains a lease if, at inception, the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and Company use the definition of a lease in IFRS16 'Leases' ("IFRS 16").

An identified asset will be specified explicitly, or implicitly, in the contract, and will be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

A contract conveys the right to control the use of an identified asset if the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and the customer has the right to direct the use of the asset. The customer has this right when they have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. Where this is predetermined, the customer has the right to direct the use of the asset if either they have the right to operate the asset or they designed the asset in a way that predetermines how and for what purposes it will be used.

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

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date over the shorter of the useful life of the underlying asset and the lease term. The right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability recognised at the commencement date is measured initially at the present value of the lease payments that are not paid at that date. Where the rates implicit in the leases cannot be readily determined, the liabilities are discounted using the incremental borrowing rate of the Group or Company, being the currency-specific interest rate that would be incurred on a loan, with similar terms, to purchase a similar asset. The incremental borrowing rates will be updated annually and applied to leases commencing in the subsequent year. Therefore, the lease liability is measured at amortised cost using the effective interest rate method. Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments); variable lease payments that depend on an index or a rate initially measured using the index or rate at the commencement date; lease payments in an optional renewal period if the Group or Company are reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group or Company are reasonably certain not to do so.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The lease liability is remeasured when there is a change in the future lease payments arising from a change in the index or rate, or if the Group or Company change their assessment of whether it will exercise a purchase, extension or termination option. This change in the lease liability will result in a corresponding adjustment to the carrying amount of the right-of-use asset.

Lease liabilities are presented separately in the statement of financial position; the discount on the liabilities unwinds over the term of the lease and is charged to finance costs in the statement of profit or loss and other comprehensive income.

Neither the Group nor the Company have elected to recognise right-of-use assets and lease liabilities for certain short-term leases that have a lease term of twelve months or less. The Group and Company recognise any lease payments associated with such leases as an expense on a straight-line basis over the lease term.

In the Statement of cash flows, the Group includes the payment of lease liabilities and interest paid on lease liabilities within Cash flows from financing activities; variable lease payments which are not dependent on an index or rate are included in Cash flows from operating activities.

Impairment of other intangible assets, property, plant and equipment and leased assets

At each reporting date, the Group and Company review the carrying amount of other intangible assets, property, plant and equipment and leased assets (where relevant) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset (the greater of its value-in-use and its fair value less costs to sell) is estimated in order to determine the extent of the impairment loss (if any). In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, the risks specific to the asset and lease liabilities under IFRS 16. For the current period impairment testing details see Note 13.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Group or Company estimate the recoverable amount of the CGU to which the asset belongs.

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

The directors have considered with the impact of climate-related risks on the impairment of intangible assets and property, plant and equipment and have concluded that these risks do not have a material impact on the impairment testing.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Retirement benefit costs

The Group provides pensions through a defined benefit scheme and a defined contribution scheme.

The costs of providing the benefits under the defined benefit scheme is determined using the projected unit credit method, with actuarial valuations carried out at each reporting date. During the period, the actuarial assumptions used were revised. For more information on the impact of this change, see Note 1.

Re-measurements of the net defined benefit asset/ liability are recognised, directly in retained earnings, in the period in which they occur, shown in other comprehensive income. The current service cost element, past service cost, and gains and losses on curtailments and settlements, are recognised in employee costs in the statement of profit or loss and other comprehensive income. Net interest is recognised within finance costs in the statement of profit or loss and other comprehensive income.

IFRIC14 IAS 19 '*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*' was published by the interpretations committee of the International Accounting Standards Board in July 2007 and was adopted during the year ended 31 March 2008. IFRIC14 provides guidance on the extent to which a pension scheme surplus should be recognised as an asset and may also require additional liabilities to be recognised where minimum funding requirements exist. Legal opinion was obtained that a pension surplus could be recovered on wind up of the scheme and could, therefore, be recognised, along with associated liabilities. The Group has concluded that, when a defined benefit asset exists, it can recognise the full amount of this surplus on the grounds that it could gain sufficient economic benefit from the refund of the surplus assets that would be available to it following the final payment to the last beneficiary of the Scheme.

Payments to the defined contribution scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Investments in subsidiaries (Company only)

Investment in subsidiaries are stated at cost, including any capital contributions to subsidiaries, less any provisions for permanent diminution in value. Dividends from subsidiaries are recognised when the right to receive the dividend is established.

An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by continuing to hold the asset and benefiting from the net present value of the future cash flows (value-in-use) of the investment.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets, except for trade receivables which are initially recognised when they originate, and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added or deducted from the fair value on initial recognition. Transaction costs, directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss, are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss); and
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss is amortised on a straight-line basis.

Financial assets

Classification

The classification of financial assets depends on the Group's business model for managing them to generate cash flows.

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

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

A financial asset is measured at fair value through other comprehensive income ("FVTOCI") if it meets both of the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company and Group have no financial assets at FVTOCI.

The Group has no financial assets at FVTOCI.

All other financial assets are measured at FVTPL.

Subsequent measurement

Financial assets classified as amortised cost are subsequently measured at amortised cost using the effective interest method. **The amortised cost is reduced by expected credit losses ("ECLs").** Interest income and net credit losses are recognised in profit or loss.

Financial assets classified as FVTPL are subsequently measured at fair value. Net gains and losses, including interest, are recognised in profit or loss, unless the financial asset is part of a hedging relationship.

Derecognition

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired, there is no reasonable expectation of recovering the contractual cash flows, or when the rights to receive cash flows have been transferred. On derecognition of a financial asset at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

a) *Measurement of ECLs*

At each reporting date, the Group recognises an allowance for ECLs for all debt instruments not classified as FVTPL. ECLs are a probability-weighted estimate of credit losses. The Group has adopted the simplified ECL model for its trade receivables and the general ECL model for all other financial assets measured at amortised cost.

In applying the simplified model, loss allowances for trade receivables are measured at an amount equal to **lifetime ECL**. The ECLs are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for, where possible, forward-looking factors specific to the debtors and the economic environment in which they operate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. The Group assumes that the credit risk has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if there is a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near-term. The Group assumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate otherwise.

b) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Generally, receivables are credit impaired when payment is past the contractual payment date.

Financial liabilities

Classification

Financial liabilities are classified as measured at FVTPL or amortised cost. A financial liability is classified as FVTPL if it is classified as held-for-trading, a derivative, or otherwise designated as such on initial recognition.

Subsequent measurement

Financial liabilities classified at FVTPL are subsequently measured at fair value. Net gains and losses, including interest, are recognised in profit or loss, unless the financial liability is part of a hedging relationship.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method, taking into account any discount or premium on issue and any directly attributable transaction costs. Interest expense is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition

The Group derecognises a financial liability when the obligation under that liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability recognised. The difference in their respective carrying amounts is recognised in profit or loss.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to manage its exposure to interest rate and inflation risk.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The gain or loss on re-measurement to fair value is recognised immediately in profit or loss, unless the derivative is designated in a hedging relationship.

The Group holds collateral in relation to certain derivative financial assets; this is included withing trade and other payables.

The Group considers hedge accounting when entering any new derivative, however, there are currently no formal hedge accounting relationships in the Group.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated and the entire hybrid contract is measured at FVTPL. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on weighted average cost or actual cost and includes expenditure incurred in acquiring the inventories, conversion costs and other costs in bringing them to their present location and condition. Net realisable value represents the estimated selling price, net of estimated costs of selling.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents and money market deposits

Cash and cash equivalents include cash at bank, deposits, other short-term highly liquid investments which are readily convertible into known amounts of cash and have an original maturity of 3 months or less and which are subject to an insignificant risk of change in value. The restrictions on cash held in ring-fenced bank accounts in relation to regulatory projects do not change the nature of the assets, only the purpose for which they can be used, thus these assets are included in cash and cash equivalents.

Money market deposits with initial terms to maturity in excess of 3 months are not included as cash or cash equivalents and are separately disclosed on the face of the statement of financial position.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contract liability

Contract liabilities are recognised when a customer has paid an amount of consideration prior to the Group performing the transfer of the related good or service to the customer. An example would be for deferred revenue in relation to receipts in advance from our construction, diversions and service connections.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 REVENUE

Group and Company	9 months to Dec 2025 £m	12 months to 31 Mar 2025 £m
Revenue	526.0	654.4

Revenue arises from one operating segment, electricity distribution in the North West of England and associated activities.

Included within the above are revenues from four customers (Mar 2025: four), each of which represented more than 10% of the total revenue. Revenue from these customers totalled £273.8m (Mar 2025: £320.7m), which includes £78.6m from Customer A (Mar 2025: £94.8m), £56.3m from Customer B (Mar 2025: £72.4m), £71.8m from Customer C (Mar 2025: £74.8m) and £67.2m from Customer D (Mar 2025: £78.7m). No other customer represented more than 10% of revenues either this period or in the prior year.

In the current period, £15.6m (Mar 2025: £21.8m) of customer contributions have been amortised through revenue in line with IFRS 15 '*Revenue from Contracts with Customers*' (Note 24 and 34). Revenue in relation to construction contracts and levies is considered immaterial and, as such, not presented separately above.

Of the revenue recognised in the period, £5.0m (Mar 2025: £3.9m) was included in the contract liability at the beginning of the period (Note 18).

5 OPERATING PROFIT

The following items have been charged/(credited) in arriving at operating profit:

Group and Company	9 months to Dec 2025 £m	*Restated 12 months to Mar 2025 £m
Employee costs (Note 6)	56.4	80.0
Depreciation and amortisation expense:		
Depreciation of plant, property and equipment (Note 11 & 34)	144.5	140.9
Depreciation of right of use assets (Note 12 & 34)	2.1	2.5
Amortisation of intangible assets (Note 13 & 34)	9.9	14.2
	156.5	157.6
Other operating costs	97.9	134.6
Supplier of Last Resort levy costs ¹	0.5	0.8
Profit on disposal of tangible fixed assets ¹	(0.2)	(0.5)
Research and development ¹	1.7	2.4

*The comparative information has been restated, see Note 1 for more details.

¹These items are included in other operating costs.

Other operating costs includes the costs of maintaining the electricity distribution network and the associated activities, other than employee costs and depreciation and amortisation expense.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 OPERATING PROFIT (continued)

During the period, the fees payable to the Company's auditor and its associates were as follows:

	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Group and Company		
Audit of the Group and Company financial statements ¹	0.3	0.5
Audit-related assurance services	0.1	0.1
Total fees	0.4	0.6

¹All these fees relate to the Company; no fees were payable in relation to the subsidiaries of the Company as they are dormant. The audit fees for the prior year included £31,881 of additional fees in relation to the reference period ended March 2024.

Non-audit related services to the Group and Company were £nil (Mar 2025: £17,172).

6 EMPLOYEE COSTS

	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Group		
Wages and salaries	120.7	149.9
Social security costs	16.1	17.1
Pension costs – defined benefit schemes (Note 23)	4.0	7.5
Pension costs – defined contribution schemes (Note 23)	9.5	11.2
Total employee costs (including directors' remuneration)	150.3	185.7
Costs transferred directly to property, plant and equipment	(93.9)	(105.7)
Charged to operating costs	56.4	80.0

All employees and employee costs relate to the Company.

The average monthly number of employees during the period (including executive directors):

	9 months to Dec 2025 Number	12 months to Mar 2025 Number
Group		
Craft, technical and engineering	1,197	1,244
Administration	1,099	1,105
Average number of employees	2,296	2,349

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 DIRECTORS' REMUNERATION

The number of directors for the Company during the period is set out and analysed by category in the table below:

Company	9 months to Dec 2025 Number	12 months to Mar 2025 Number
Remunerated directors by the Company	5	8
Remunerated directors by other group companies	2	-
Non-remunerated directors	3	8
Total number of directors*	10	16

*There were 2 alternate directors (Mar 2025: 5 alternate directors) in addition to this as stated on page 24.

The remuneration of the directors who provided qualifying services is set out below. **The Company's key management personnel** comprise of its directors.

	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Short-term employee benefits	2.5	3.5
Other long-term incentive schemes	0.1	-
Post-employment benefits	-	-
Termination benefits	1.4	-
Share-based payments	1.4	-
Emoluments solely in relation to services provided to the Group	5.4	3.5
Additional amounts of bonuses in relation to the sale of the ENW(H)		
Group and continuing employment by the Group	-	2.0*
Total emoluments (Note 32)	5.4	5.5

*These amounts were borne by other ENW(H) group companies and not recharged to the Company itself.

The aggregated emoluments of the highest paid director in the period to 31 December 2025 in respect of services to the Group amounted to £1.6m (Mar 2025: £2.8m). The pension contributions for the highest paid director for the period ended 31 December 2025 were £nil (Mar 2025: £nil). The highest paid director had not exercised any share options in the current or prior period.

	9 months to Dec 2025 Number	12 months to Mar 2025 Number
Number of directors who exercised share options	2	-
Number of directors who received shares under a LTIP scheme	2	-
Number of directors accruing retirements benefits under a defined benefit scheme	1	-
Number of directors accruing retirements benefits under a defined contribution scheme	1	-

As at 31 December 2025 and 31 March 2025 the directors had no interests in the ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 FINANCE INCOME

Group and Company	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Interest receivable on short-term bank deposits	3.5	6.7

9 FINANCE COSTS

Group and Company	9 months to Dec 2025 £m	*Restated 12 months to Mar 2025 £m
Finance costs (excluding unrealised fair value movements):		
Interest on Group borrowings at amortised cost (Note 32)	22.9	30.0
Interest on external borrowings at amortised cost	29.6	39.3
Net interest settlements on derivatives at fair value	7.7	5.9
Indexation of index-linked debt (Notes 19 & 34)	10.4	9.6
Reimbursement of inter-company loan impairment (Note 32)	-	(0.2)
Interest on leases	1.2	1.7
Net interest income on pension plan	(2.5)	(2.1)
Amount capitalised ¹ (Note 11)	(0.8)	(2.1)
	68.5	82.1
Fair value movements on financial instruments ² :		
Inter-company derivative asset (Note 32)	(19.6)	24.9
Inter-company derivative liability (Note 32)	19.6	(24.9)
Derivative assets	(6.6)	(15.3)
Derivative liabilities	34.5	(26.3)
	27.9	(41.6)
Total finance costs	96.4	40.5

*The comparative information has been restated, see Note 1 for more details.

¹The amount of borrowing costs capitalised was determined using a capitalisation rate of 5.05% (Mar 2025: 4.87%), derived from the total general borrowing costs for the period divided by the average total general borrowings outstanding during the period.

²Details on the valuation techniques used to derive the fair value can be found in Note 20.

There have been £nil (Mar 2025: £nil) accretion payments on the index-linked swaps in the period; these are scheduled five-yearly, seven-yearly and ten-yearly with the next payment due in July 2027. The amount of accretion accrued over the period was £18.7m (Mar 2025: £17.5m), split as follows:

Group and Company	Five-yearly £m	Seven-yearly £m	Ten-yearly £m	Total £m
Accumulated Accretion				
1 April 2024	14.0	3.9	46.4	64.3
Accrued in year	4.1	8.4	5.0	17.5
Paid in year	-	-	-	-
31 March 2025 and 1 April 2025	18.1	12.3	51.4	81.8
Accrued in period	4.4	8.9	5.4	18.7
Paid in period	-	-	-	-
31 December 2025	22.5	21.2	56.8	100.5

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 INCOME TAX EXPENSE

	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Group and Company		
Current tax:		
Current period	19.7	18.6
Adjustment in respect of prior period	(0.1)	0.1
	19.6	18.7
Deferred tax: (Note 25)		
Current period	11.8	44.4
Adjustments in respect of prior period	(1.2)	(1.2)
	10.6	43.2
Income tax expense	30.2	61.9

Corporation tax is calculated at 25% (Mar 2025: 25%) of the estimated assessable profit for the period. Deferred tax is calculated at 25% (Mar 2025: 25%), being the rate at which it is expected to reverse. There is no unrecognised deferred tax in the Group.

The table below reconciles the notional tax charge at the UK statutory rate to the effective tax rate for the period:

	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Group and Company		
Profit before income tax	122.3	248.4
Tax at the UK corporation tax rate of 25% (Mar 2025: 25%)	30.6	62.1
Non-taxable expense	0.9	0.9
Adjustments in respect of prior year	(1.3)	(1.1)
Income tax expense	30.2	61.9

Pillar Two model rules

The ultimate parent company is Iberdrola, S.A., a company registered in Spain. Iberdrola, S.A. is the parent company of a global group within the scope of the Organisation for Economic Co-operation and Development's Pillar Two model rules and is, therefore, responsible for calculating the multinational top up tax for the Iberdrola group. The Iberdrola group is not within the scope of multi-national top-up tax.

The UK has enacted legislation to incorporate the Pillar Two model rules with effect from 1 January 2024. **This includes domestic top up tax ("DTT") legislation.** The UK companies in the Iberdrola group are within the scope of the DTT legislation and an assessment has been undertaken to determine if there is a risk of exposure to UK DTT. Based on the prescribed rules in the Pillar Two legislation, the calculated UK effective tax rate is assessed to be above 15% and thus no UK DTT charge is expected.

The Group has applied the exception issued by the International Accounting Standards Board in May 2023 from the requirement to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 PROPERTY, PLANT AND EQUIPMENT

Group and Company	Operational Structures £m	Non-operational land and buildings £m	Fixtures, equipment, vehicles & other £m	Assets under construction £m	Total £m
Cost or valuation:					
At 1 April 2024	5,711.0	40.2	242.5	145.2	6,138.9
Additions	229.2	0.7	17.4	111.4	358.7
Transfers	58.3	0.3	3.2	(61.8)	-
Disposals	(5.9)	-	(2.3)	-	(8.2)
At 31 March 2025 and 1 Apr 2025	5,992.6	41.2	260.8	194.8	6,489.4
Additions	177.5	0.6	17.9	114.0	310.0
Transfers	75.1	0.3	3.8	(79.2)	-
Disposals	(663.8)	(4.7)	(116.0)	-	(784.5)
At 31 December 2025	5,581.4	37.4	166.5	229.6	6,014.9
Accumulated depreciation:					
At 1 April 2024	2,170.0	15.6	172.3	-	2,357.9
Charge for the period	121.1	1.2	18.6	-	140.9
Disposals	(5.9)	-	(2.3)	-	(8.2)
At 31 March 2025 and 1 Apr 2025	2,285.2	16.8	188.6	-	2,490.6
Charge for the period	124.2	0.9	19.4	-	144.5
Disposals	(663.8)	(4.7)	(115.9)	-	(784.4)
At 31 December 2025	1,745.6	13.0	92.1	-	1,850.7
Net book value:					
At 31 December 2025	3,835.8	24.4	74.4	229.6	4,164.2
At 31 March 2025	3,707.4	24.4	72.2	194.8	3,998.8

(i) Following a write off/ disposal exercise in the period, the cost of fully depreciated property, plant and equipment still in use at 31 December 2025 was £103.4m (Mar 2025: £627.1m).

Contractual commitments

At 31 December 2025, the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £81.4m (Mar 2025: £75.8m) (Note 33).

Capital programme

During the period ended 31 December 2025, the Group had cash outflow amounting to £306.6m (Mar 2025: £356.4m) on additions to property, plant and equipment as part of its capital programme. Included in this figure are capitalised borrowing costs of £0.8m (Mar 2025: £2.1m) (Note 9), determined using a capitalisation rate of 5.05% (Mar 2025: 4.87%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Changes in useful economic lives

During the period ended 31 December 2025, the Group revised the estimated UELs of several asset classes. Following acquisition by ScottishPower, the Directors have reviewed the Group's judgements and estimates and performed an analysis in respect of the useful economic lives of the assets and have concluded that based on the additional information available it is appropriate to update this estimate. These changes were applied prospectively from 1 April 2025. See Note 1 for more details.

12 LEASES

Nature of leases

Wayleaves: The Company holds lease agreements for accessing land and installing operational assets, with terms running to up to 60 years. These agreements do not have extension or termination options.

Land and Buildings: The Company holds agreements to lease land, primarily relating to substations, with typical lease terms running from between 7 and 999 years, and to lease buildings for the office use, with typical lease terms running from between 9 and 99 years. Certain agreements contain the right to extend the terms. Termination options vary according to specific factors noted in the agreements and range from no termination to 3 years notice at any time.

Vehicles: The Company leases vehicles with lease term of 3 years, primarily being pool vehicles to mobilise its operational staff and other specialist vehicles. These agreements do not have extension or termination options. Other vehicle leases are considered short-term and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Telecoms: The Company leases fibre-optic cables for technical equipment communications with the lease term between 6 and 21 years. These agreements do not have extension or termination options.

The amount of short-term leases expensed in the period was £1.0m (Mar 2025: £0.7m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 LEASES (continued)

Right-of-use assets

Group and Company	*Restated Wayleaves £m	Land and buildings £m	Vehicles £m	Telecoms £m	Total £m
Cost or valuation:					
At 1 April 2024 as restated	17.6	3.7	4.7	0.2	26.2
Additions	0.3	1.5	1.6	-	3.4
Disposals	-	(0.9)	(1.1)	-	(2.0)
At 31 March 2025	17.9	4.3	5.2	0.2	27.6
Additions	0.4	-	0.7	-	1.1
Disposals	-	-	(1.0)	-	(1.0)
At 31 December 2025	18.3	4.3	4.9	0.2	27.7
Accumulated depreciation:					
At 1 April 2024 as restated	8.9	1.7	2.0	0.1	12.7
Charge for the period	0.6	0.3	1.6	-	2.5
Disposals	-	(0.8)	(1.2)	-	(2.0)
At 31 March 2025	9.5	1.2	2.4	0.1	13.2
Charge for the period	0.5	0.3	1.3	-	2.1
Disposals	-	-	(1.1)	-	(1.1)
At 31 December 2025	10.0	1.5	2.6	0.1	14.2
Net book value:					
At 31 December 2025	8.3	2.8	2.3	0.1	13.5
At 31 March 2025	8.4	3.1	2.8	0.1	14.4

*The comparative information has been restated, see Note 1 for more details.

Details of the Company's risk management strategy for liquidity risks inherent in its lease liability are described in the 'Financial instruments' section of the Strategic Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 LEASES (continued)

Lease liabilities

Group and Company	Dec 2025 £m	*Restated Mar 2025 £m
Land and buildings	(2.5)	(2.7)
Wayleaves	(11.4)	(11.8)
Telecoms	(0.1)	(0.1)
Vehicles	(2.3)	(2.9)
Total (Note 34)	(16.3)	(17.5)

*The comparative information has been restated, see Note 1 for more details.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing cost is used. The lease liabilities have been discounted at 9.97% for wayleaves (Mar 2025: 9.97%), at 5.00% (Mar 2025: 5.00%) for land and buildings, and telecoms; and at 6.00% (Mar 2025: 6.00%) for vehicles.

Analysis of total lease liabilities

Group and Company	Dec 2025 £m	*Restated Mar 2025 £m
Current	(2.5)	(4.0)
Non-current	(13.8)	(13.5)
	(16.3)	(17.5)

*The comparative information has been restated, see Note 1 for more details.

Maturity analysis of lease liabilities

The following table sets out a maturity analysis of lease liabilities, showing the discounted payments to be made after the reporting date.

*Restated	<1 year	1 – 2	2 – 3	3-4	>4 years	Total
Group and Company	£m	£m	£m	£m	£m	£m
Lease liability	(4.0)	(3.4)	(2.7)	(1.8)	(10.3)	(22.2)
Finance cost	1.5	1.3	1.1	1.0	1.0	5.9
At 31 December 2025	(2.5)	(2.1)	(1.6)	(0.8)	(9.3)	(16.3)
Lease liability	(5.5)	(3.6)	(2.9)	(2.4)	(9.5)	(23.9)
Finance cost	1.5	1.5	1.3	1.1	1.0	6.4
At 31 March 2025	(4.0)	(2.1)	(1.6)	(1.3)	(8.5)	(17.5)

*The comparative information has been restated, see Note 1 for more details.

Details of the Company's risk management strategy for liquidity risks inherent in its lease liability are described in the 'Financial instruments' section of the Strategic Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 INTANGIBLE ASSETS AND GOODWILL

Group and Company	Goodwill ¹ £m	Computer software ² £m	Assets under construction £m	Total £m
Cost or valuation:				
At 1 April 2024	10.1	154.9	9.1	174.1
Additions	-	5.5	9.7	15.2
Transfers	-	7.3	(7.3)	-
Disposals	-	(70.6)	-	(70.6)
At 31 March 2025 and 1 Apr 2025	10.1	97.1	11.5	118.7
Additions	-	3.5	11.9	15.4
Transfers	-	1.3	(1.3)	-
Disposals	-	(22.1)	-	(22.1)
At 31 December 2025	10.1	79.8	22.1	112.0
Accumulated depreciation:				
At 1 April 2024	-	122.0	-	122.0
Charge for the period	-	14.2	-	14.2
Disposals	-	(70.6)	-	(70.6)
At 31 March 2025 and 1 Apr 2025	-	65.6	-	65.6
Charge for the period	-	9.9	-	9.9
Disposals	-	(22.1)	-	(22.1)
At 31 December 2025	-	53.4	-	53.4
Net book value:				
At 31 December 2025	10.1	26.4	22.1	58.6
At 31 March 2025	10.1	31.5	11.5	53.1

¹In the Company, goodwill arose on the acquisition of assets and liabilities of Electricity North West Number 1 Company Limited in the year ended 31 March 2011. This value reflects the excess of the investment over the fair value of the trade and assets at the date of acquisition.

²Included in the net book value of computer software is £3.9m (Mar 2025: £7.8m) for an asset relating to the network management system which has 1 year (Mar 2025: 2 years) of amortisation remaining, following the harmonisation of UELs with ScottishPower (see Note 1).

At 31 December 2025, the Group and Company had entered into contractual commitments for the acquisition of software amounting to £5.8m (Mar 2025: £9.6m) (Note 33).

At each reporting date, the Group reviews the carrying amounts of its goodwill and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss (Note 3).

Changes in amortisation period

During the period ended 31 December 2025, the Group revised the amortisation period of several asset classes. Following acquisition by ScottishPower, the Directors have reviewed the Group's judgements and estimates and performed an analysis in respect of amortisation period of the assets and have concluded that based on the additional information available it is appropriate to update this estimate. These changes were applied prospectively from 1 April 2025. See Note 1 for more details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 INTANGIBLE ASSETS AND GOODWILL (continued)

Impairment testing

At least yearly, the Company conducts a systematic analysis of the impairment of cash-generating units that include goodwill or intangible assets with indefinite useful life by applying the value-in-use (“VIU”) method, as detailed in Note 3. For the purposes of impairment testing, the Group has determined that there is only one CGU and the £10.1m goodwill is allocated to this CGU. Based on the impairment testing performed, management believe that sufficient headroom exists between the recoverable amount and the carrying value of the assets such that no impairment loss is required to be booked.

Main assumptions used for Basis for determining values assigned to key assumptions
value-in-use calculation

Discount rate (pre-tax): 6.46% Discount rate is determined based on market data and the cost of capital.

Regulated revenues Approved revenues have been used for years in which they are available, while in subsequent periods revision mechanisms of such revenues set out in different regulations have been used, and these have been applied in line with the estimated costs.

Investment The projections were based on investment plans consistent with the expected demand growth and undertakings in each regulatory price control, with the minimums set by the regulatory and an estimate of future revenues used.

Operation and maintenance costs The best available estimation of the performance of the operation and maintenance cost was used, which is in line with the revenues assumed to be received in each year.

Terminal growth rate: 2% Consistent with market and inflation growth forecasts.

It is considered appropriate to assess the cash flows over a 10-year period as electricity distribution network regulations include longer regulatory periods.

In relation to the assessment of the goodwill for impairment, the value-in-use calculation of the CGU exceeds the carrying amount.

The Group has also performed several sensitivity analyses of the result of the impairment test in relation to the key assumptions to which the value-in use calculation is most sensitive. Each sensitivity is considered a reasonably possible variation. These tests included:

- An increase of 10% in operating and maintenance costs; and
- A decrease of 10% in investment (resulting in a subsequent decrease in revenue).

After applying each sensitivity, there was significant headroom between the value-in-use calculations and the underlying book value of the assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 INVESTMENT IN SUBSIDIARIES

Company	Dec 2025 £m	Mar 2025 £m
Cost and net book values	15.4	15.4

Investment in subsidiaries is stated at cost less any provisions for permanent diminution in value. The cost of investment relates wholly to the shareholding in the Company's direct subsidiary, Electricity North West Number 1 Company Limited.

Details of the investments at 31 March 2025 and 31 December 2025, all of which were incorporated in the UK and have a principal place of business in the UK, are as follows:

Company	Description of holding	Proportion held	Nature of business
Subsidiary undertakings			
Electricity North West Number 1 Company Limited	Ordinary shares of £1 each	100%	Dormant
ENW (ESPS) Pensions Trustees Limited	Ordinary shares of £1 each	100%	Dormant

There have been no changes to these shareholdings during the period.

The address of the registered office of the investments above is Borrton Street, Stockport, Cheshire, SK1 2JD.

Significant restrictions in respect of subsidiaries

There are no significant restrictions on the ability of the Company to obtain distributions of capital, access the assets or repay the liabilities of its subsidiaries due to any statutory, regulatory or contractual requirements of its subsidiaries.

After consideration of these factors in relation to the Company, however, the resulting significant restrictions have been identified.

The Company is a regulated DNO. Its activities are governed by a licence granted to it by Ofgem. The main drivers facilitating distributions, including dividends, are holding an investment-grade credit rating and compliance with several other licence conditions. The total value of distributable reserves is restricted by these conditions. In addition, the licence conditions restrict the disposal of property, plant and equipment held by the Company. The Group has policies and procedures in place to adhere to the licence conditions and restrictions arising from them.

Value restricted	Dec 2025 £m	Mar 2025 £m
Distributable reserves of the Company	965.6	906.9
Property, plant and equipment held by the Company	4,164.2	3,998.8

15 INVENTORIES

Group and Company	Dec 2025 £m	Mar 2025 £m
Raw materials and consumables	75.6	56.7

The cost of inventories recognised as an expense in the period was £2.5m (Mar 2025: £2.9m). Write-downs of inventories to net realisable value amounted to £0.3m (Mar 2025: £0.3m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 TRADE AND OTHER RECEIVABLES

	Dec 2025	*Restated Mar 2025
Group and Company	£m	£m
Trade receivables	9.5	7.5
Amounts owed by group undertakings (Note 32)	6.7	7.4
Accrued income	73.9	65.1
Financial assets (Note 21)	90.1	80.0
Prepayments	26.5	19.7
Non-financial assets	26.5	19.7
Total trade and other receivables	116.6	99.7

*The comparative information has been restated, see Note 1 for more details.

The average credit period taken on trade receivables is 14 days (Mar 2025: 14 days). At 31 December 2025, £5.0m (Mar 2025: £4.5m) of the trade receivables were past due, with £4.3m over 30 days past due (Mar 2025: £2.8m).

Expected credit losses

Trade receivables and inter-company receivables do not accrue interest and are stated net of ECL. The recoverability of these assets is assessed using the simplified approach under IFRS 9, based on lifetime ECL, with reference to known specific circumstances, past default experience and an assessment of the current economic environment.

The table below shows the movement on the ECL:

	9 months to Dec 2025	12 months to Mar 2025
Group and Company	£m	£m
At 1 April	0.7	0.8
Amounts written off in the period	0.4	(0.1)
Amounts recognised in profit or loss	0.4	-
At period end	1.5	0.7

Credit risk in relation to trade receivables is considered to be relatively low, with each customer being contractually required to provide collateral in the form of a cash deposit, subject to the amounts due and their credit rating. At 31 December 2025, £3.0m (Mar 2025: £2.7m) of cash had been received as security (see Note 18).

Under the terms of the contract, the maximum unsecured credit that the Group may be required to give per customer is 2% of the RAV of the Company. The RAV is calculated in accordance with Ofgem methodology. At 31 December 2025, the RAV was £2,941.1m (Mar 2025: £2,725.2m) and has been indexed using the CPIH for December 2025. At 31 December 2025, £474.9m (Mar 2025: £460.3m) of unsecured credit limits had been granted to customers and the highest unsecured credit limit given to any single customer was £10.9m (Mar 2025: £10.2m). All customers granted the maximum amount of unsecured cover must have a credit rating of at least BBB+ from S&P and Baal from Moody's, or a guarantee from a parent company of an equivalent rating. Alternatively, the customer must be able to prove their creditworthiness on an ongoing basis.

Whilst the loss of a principal customer could have a significant impact on the Group, the exposure to such credit losses is mitigated by the protection Ofgem provides to cover such losses. Nonetheless, credit management processes are in place and the credit worthiness of each customer is closely monitored.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 CASH AND CASH EQUIVALENTS

	Dec 2025	Mar 2025
Group and Company	£m	£m
Cash in bank accounts	22.1	9.1
Cash in liquidity funds	83.8	123.0
Total cash and cash equivalents (Notes 21, 22 & 34)	105.9	132.1
Weighted average interest rate	3.91%	4.51%
Weighted average term	1.1 days	8.5 days

Cash and cash equivalents comprise cash at bank, deposits and other short-term highly-liquid investments which are readily convertible into known amounts of cash and have an original maturity of 3 months or less, net of any bank overdrafts which are payable on demand. At 31 December 2025, there was no formal bank overdraft facility in place (Mar 2025: same).

At 31 December 2025, total restricted cash is £10.0m (Mar 2025: £9.6m), all of which is held in relation to regulatory projects.

18 TRADE AND OTHER PAYABLES

	Group Dec 2025	Company Dec 2025	Group Mar 2025	Company Mar 2025
Group and Company	£m	£m	£m	£m
Trade payables (Note 22)	19.1	19.1	18.8	18.8
Amounts owed to group undertakings (Note 32)	7.4	7.4	13.4	13.4
Amounts owed to subsidiary undertaking (Note 32)	-	15.5	-	15.5
Accruals	114.7	114.9	76.7	76.9
Refundable customer deposits (Note 22)	3.0	3.0	2.7	2.7
Cash collateral (Note 20)	44.5	44.5	31.8	31.8
Financial liabilities (Note 21)	188.7	204.4	143.4	159.1
Contract liabilities	16.8	16.8	20.1	20.1
Other taxation and social security	11.8	11.8	9.8	9.8
Deferred income	12.0	12.0	14.0	14.0
Non-financial liabilities:	40.6	40.6	43.9	43.9
Total trade and other payables	229.3	245.0	187.3	203.0

Trade payables and accruals principally comprise amounts outstanding for capital purchases and ongoing costs. The average credit period in the period was 34 days from receipt of invoice (Mar 2025: 22.9 days). The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Refundable customer deposits are cash deposits held as a security in relation to distribution of electricity customers.

Of the revenue recognised in the period, £5.0m (Mar 2025: £3.9m) was included in the contract liability at the beginning of the period (Note 4).

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's financial risk management and exposure to credit risk, liquidity risk and market risk see Note 22.

The carrying values by category of borrowing were as follows:

Group and Company	Dec 2025 £m	Mar 2025 £m
Current liabilities:		
Bonds (Note 21)	451.4	456.4
Bank and other term borrowings (Note 21)	9.7	9.4
	461.1	465.8
Non-current liabilities:		
Bonds (Note 21)	208.9	201.2
Bank and other term borrowings (Note 21)	58.2	59.7
Amounts owed to parent undertaking (Notes 21 & 32)	114.0	111.1
Amounts owed to group undertaking (Notes 21 & 32)	722.7	722.3
	1,103.8	1,094.3
Borrowings (Note 21 & 34)	1,564.9	1,560.1

The carrying values and key terms by instrument were as follows:

Group and Company	Nominal value £m	Interest rate	Maturity year	Dec 2025 £m	Mar 2025 £m
Bond	200.0	8.875%	2026	199.8	199.5
Bond	250.0	8.875%	2026	251.7	256.9
Index-linked bond	100.0	1.4746%+RPI	2046	208.8	201.2
Index-linked loan ¹	50.0	0.26%+RPI	2032	31.7	32.9
Index-linked loan	50.0	0%+RPI	2033	36.2	37.1
Revolving credit facility ²	250.0	Sonia+0.50%	2027	-	(0.9)
Amounts owed to parent undertaking	175.0	4.143%	2028	114.0	111.1
Amounts owed to group undertaking	300.0	1.415%	2030	299.3	299.1
Amounts owed to group undertaking	425.0	4.893%	2032	423.4	423.2
Borrowings (Note 21 & 34)				1,564.9	1,560.1

¹This loan was at 0.38%+RPI until it was amended to 0.26%+RPI in December 2025, see page 1.

²In March 2026, an extension option was exercised and the maturity date extended to April 2028.

At 31 March 2025 and 31 December 2025, all borrowings were unsecured and in sterling, and there were no formal bank overdraft facilities in place. All borrowings were measured at amortised cost. See Note 21 for more information on the fair value of the Group's borrowings.

The Group has complied with all financial covenants under its financing agreements during the current and prior period. The 'net debt to RAV gearing' is a key covenant assessed by the external lenders of North West Electricity Networks plc; at 31 December 2025, this was 9 percentage points below the 65% lock-up level. A breach of this covenant has various reporting and regulatory consequences including a restriction on distributions which can be paid to shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 BORROWINGS (continued)

The following table provides a reconciliation of the opening and closing borrowings amounts. Where applicable, interest on these amounts is included in accruals within trade and other payables on the statement of financial position and is, therefore, excluded from this table.

	Dec 2025	Mar 2025
Group and Company	£m	£m
At 1 April	1,560.1	1,565.1
Repayments of external borrowings	(4.8)	(9.3)
Increase in loan from parent	2.9	1.3
Indexation (Notes 9 & 34)	10.4	9.6
Transaction costs on new external borrowings (Note 34)	-	(1.3)
Amortisation of transaction costs, bond discounts and premiums (Note 34)	(3.7)	(5.3)
At period end (Notes 21 & 34)	1,564.9	1,560.1

The Group's committed undrawn borrowing facilities were as follows:

	Dec 2025	Mar 2025
Group and Company	£m	£m
£250m revolving credit facility – expiry April 2027 ¹	-	250.0
£250m revolving credit facility – expiry April 2027 ¹	250.0	-

¹In August 2025, the external £250m RCF was replaced with a £250m RCF with SPUK, also expiring April 2027.

At 31 December 2025, the Group had available to it a £500m commitment under a letter of support from SPUK. In July 2025, this letter of support was amended to extend the availability of this commitment from the earlier of the ENW(H) group securing alternative financing or 31 December 2026. When the £650m intercompany loan from SPUK was entered in March 2026 (see Note 35 for more detail), this letter of support was cancelled.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 DERIVATIVES

This note provides information about the derivative financial instruments held by the Group, including information on the methods and assumptions used in determining the fair value of these instruments. In the Group and Company, no new derivatives were entered during the period, neither were any derivatives closed out during the period.

The Board has authorised the use of derivatives by the Group to reduce the risk of loss arising from changes in market risks, and for economic hedging reasons. Derivatives are used to hedge interest rate risk and to change the basis of interest cash flows from fixed to either an alternative fixed profile, or to an RPI inflation-linked basis to match the inflation-linked revenue profile (noting that Ofgem have now changed this to a CPIH basis). The Board approves all new derivatives. The Group does not use derivatives for speculative purposes. The accounting policy for derivatives is provided in Note 3 and more information on market risk is included in Note 22.

At 31 March 2025 and 31 December 2025, the Group and Company's derivatives are not designated in formal hedge accounting relationships and are measured at fair value through profit or loss ("FVTPL").

The Group has the following derivatives in the following line items in the statement of financial position:

Group and Company	Dec 2025 £m	Mar 2025 £m
Non-current assets:		
Inter-company derivative asset	211.7	192.2
Inflation-linked swaps	50.4	43.8
Derivative assets (Note 21)	262.1	236.0
Non-current liabilities:		
Inter-company derivative liability	(211.7)	(192.2)
Inflation-linked swaps	(327.2)	(286.7)
Interest rate swaps – fixed to floating	(33.4)	(39.4)
Derivative liabilities (Note 21)	(572.3)	(518.3)

The table below summarises the key terms of the various external derivatives held by the Group at 31 December 2025; each category includes multiple instruments and the rates stated are the aggregate rate for that category. The table excludes the inter-company derivative asset and the inter-company derivative liability as the cash flows on these instruments net to £nil.

Notional	Number	Type	Maturity	Pay Leg	Receive Leg	Accretion
£200m	14	Index-linked	2038	3.56%+RPI, semi-annual	6m Sonia, semi-annual	5-yearly, next due July 2027 7-yearly, next due July 2030
£100m	4	Index-linked	2050	1.51%+RPI, semi-annual	8.875% ¹ , annual	10-yearly, next due Sept 2030
£200m	1	Fix/float	2030	6m Sonia, semi-annual	0.283%, semi-annual	n/a

¹8.875% up to and including the 26 March 2026 payment date, then changes to 6m Sonia for the remaining term of the instruments.

The inter-company derivative asset and inter-company derivative liability are held by the Company, with ENW Finance plc as counterparty. The first is a back-to-back swap, mirroring in aggregate the terms of the £200m 2038 notional external index-linked swaps noted above. The second is a mirror of that back-to-back swap, the terms of which are defined in an inter-company loan agreement between the two entities, creating an embedded derivative that is bifurcated from the host contract and recorded as a separate instrument in the Company. The cash flows and fair value of these two instruments net to £nil in the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 DERIVATIVES (continued)

Offsetting and master netting arrangements

Whilst all derivatives are net-settled, no balances meet the offsetting criteria in IAS 32 *'Financial Instruments: Presentation'* paragraph 42 and all are, therefore, shown gross.

The Company has two one-way credit support annexes (“CSAs”) in place that define the terms for the provision of cash collateral by the counterparty; under the CSAs, no cash collateral is required to be provided by the Company. At 31 March 2025, £44.5m (Mar 2025: £31.8m) cash collateral was held under these CSAs (Note 18). The cash collateral does not meet the offsetting criteria in IAS 32 paragraph 42, but it would be set off against the net amount of the derivatives in the case of default and insolvency or bankruptcy, in accordance with the CSAs.

The following table presents the recognised financial instruments that are subject to the CSAs but not **offset in the financial statements**. The **'net amount'** shows the amount in the Company's statement of financial position if all set-off rights were exercised.

Group and Company	Gross amount £m	Amounts subject to master netting arrangements £m	Financial instrument collateral £m	Net amount £m
At 31 December 2025:				
Inter-company derivative asset	211.7	(211.7)	-	-
Inter-company derivative liability	(211.7)	211.7	-	-
Derivative assets	50.4	(5.9)	(44.5)	-
Derivative liabilities	(360.6)	5.9	-	(354.7)
Total	(310.2)	-	(44.5)	(354.7)
At 31 March 2025:				
Inter-company derivative asset	192.2	(192.2)	-	-
Inter-company derivative liability	(192.2)	192.2	-	-
Derivative assets	43.8	(12.0)	(31.8)	-
Derivative liabilities	(326.1)	12.0	-	(314.1)
Total	(282.3)	-	(31.8)	(314.1)

Recognised fair value measurements

All of the financial instruments recognised at fair value in the statement of financial position are derivatives; these are measured at fair value through profit or loss and those fair value measurements occur on a recurring basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 DERIVATIVES (continued)

Fair value hierarchy

Financial instruments that are recognised in the statement of financial position at fair value are classified into three levels, as prescribed under accounting standards, based on the degree to which the inputs used in determining the fair value are observable:

- Level 1: includes financial instruments traded in an active market and the fair value is derived from quoted market prices (unadjusted);
- Level 2: includes financial instruments not traded in an active market and the fair value is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs are observable, the financial instrument is included in level 2; and
- Level 3: if one or more significant inputs is not based on observable market data, the financial instrument is included in level 3. This is the case for the majority of derivatives held by the Group.

Valuation techniques used to determine fair value

Where available, quoted market prices have been used to determine fair values (Level 1 inputs). Where not available, fair values have been calculated by discounting estimated future cash flows based on observable interest and RPI curves sourced from market available data (Level 2 inputs). In accordance with IFRS 13 '*Fair Value Measurement*', an adjustment for non-performance risk ("XVA") has then been made to give the fair value.

The XVA has been quantified by calculating a bilateral credit valuation adjustment ("BCVA") based on both the credit risk profile of the counterparty and the credit risk profile of the relevant group entity, using market-available data where possible, and stochastic modelling.

The inputs to the BCVA calculations in relation to the counterparty credit risk meet the criteria for Level 2 inputs, at both 31 March 2025 and 31 December 2025.

At 31 March 2025, there were no observable credit related inputs for the Group at commonly quoted intervals or otherwise interpolated for substantially the full term of the instruments. The credit risk profile of the Group was based on a UK utility credit curve provided by a third-party data provider and these inputs were deemed to be Level 3 inputs. Given the acquisition of the Group by ScottishPower in the prior year and the associated change of control (from 20 March 2025), and the subsequent financial support put in place by ScottishPower, at 31 December 2025 the inputs in relation to the Group's credit risk were changed to use the ScottishPower CDS curve, which meets the criteria for Level 2. The impact of this has been a significant transfer of derivatives from Level 3 to Level 2, as indicated in the table on the subsequent page.

On entering certain derivatives in previous years, the valuation technique used resulted in a fair value loss. As this was neither evidenced by a quoted price nor based on a valuation technique using only data from observable markets, this loss on initial recognition was not recognised. This was supported by the transaction price of £nil. This difference represents other XVAs not captured by the valuation technique and is being recognised in profit or loss on a straight-line basis over the life of the derivatives, forming part of the fair value movement in finance costs. See the table on the following page for the remaining unamortised amounts at the reporting date.

Where a derivative contains one or more significant Level 3 inputs, the derivative is disclosed as Level 3.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 DERIVATIVES (continued)

The following table provides an analysis of the component parts of the fair value of the derivative assets and derivative liabilities.

Group and Company	Dec 2025 £m	Mar 2025 £m
Fair value of derivatives pre IFRS 13 adjustment	323.3	321.8
BCVA adjustment	(12.1)	(34.7)
Other XVA adjustment	(49.1)	(51.1)
Derivative assets (Note 21)	262.1	236.0
Fair value of derivatives pre IFRS 13 adjustment	(700.3)	(710.7)
BCVA adjustment	38.0	98.7
Other XVA adjustment	90.0	93.7
Derivative liabilities (Note 21)	(572.3)	(518.3)

At 31 December 2025, in the statement of financial position, the net adjustment for non-performance risk was a £25.9m debit (Mar 2025: £64.0m debit), of which £19.1 debit (Mar 2025: £64.7m debit) was classed as Level 3, and £6.8m credit (Mar 2024: £0.7m debit) was classed as Level 2.

The following table presents the Group's financial instruments that are measured and recognised at fair value, grouped into the three levels outlined on the previous page, to providing an indication as to the reliability of the inputs used in determining the fair value. Each category includes multiple instruments.

Group and Company	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 December 2025				
Derivative assets:				
Inter-company derivative asset	-	211.7	-	211.7
Inflation-linked swaps	-	35.7	14.7	50.4
	-	247.4	14.7	262.1
Derivative liabilities:				
Inter-company derivative liability	-	(211.7)	-	(211.7)
Inflation-linked swaps	-	(165.4)	(161.8)	(327.2)
Interest rate swaps – fixed to floating	-	(33.4)	-	(33.4)
	-	(410.5)	(161.8)	(572.3)
Total	-	(163.1)	(147.1)	(310.2)
At 31 March 2025				
Derivative assets:				
Inter-company derivative asset	-	-	192.2	192.2
Inflation-linked swaps	-	31.2	12.6	43.8
	-	31.2	204.8	236.0
Derivative liabilities:				
Inter-company derivative liability	-	-	(192.2)	(192.2)
Inflation-linked swaps	-	-	(286.7)	(286.7)
Interest rate swaps – fixed to floating	-	(39.4)	-	(39.4)
	-	(39.4)	(478.9)	(518.3)
Total	-	(8.2)	(274.1)	(282.3)

Any transfers between levels are deemed to have occurred at the beginning of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 DERIVATIVES (continued)

There were no transfers between levels 1 and 2 during the current period or prior year.

There were transfers between Levels 2 and 3 during both the current period and the prior year. The significant transfers in the current period were principally due to the change in the inputs used to derive the **Group's credit curve for the BCVA, as described in the 'Valuation techniques used to determine fair value'** section on page 80.

The following table provides a reconciliation of the fair value amounts disclosed as Level 3.

Group and Company	Dec 2025 £m	Mar 2025 £m
At 1 April	(274.1)	(303.3)
Transfers from Level 3 into Level 2	151.4	3.2
Total gains in profit or loss:		
- On instruments carried forward in Level 3	(24.4)	26.0
At period end	(147.1)	(274.1)

Given the transfers from Level 3 to Level 2 (as noted in the table above), the only remaining Level 3 inputs at 31 December 2025 relate to the other XVA adjustments, which were fixed at inception and are being amortised on a straight-line basis, and as such are not subject to sensitivities.

21 FINANCIAL INSTRUMENTS

Categories of financial instruments

This note provides an overview of the financial instruments held by the Group and Company, with references to other notes that include more specific information about each type of financial instrument.

The Group and Company hold the following categories of financial instruments:

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Financial assets:				
Derivative assets (Note 20)	262.1	262.1	236.0	236.0
Trade and other receivables (Note 16)	90.1	90.1	80.0	80.0
Cash and cash equivalents (Note 17)	105.9	105.9	132.1	132.1
	458.1	458.1	448.1	448.1
Financial liabilities:				
Trade and other payables (Note 18)	(188.7)	(204.4)	(143.4)	(159.1)
Borrowings (Note 19)	(1,564.9)	(1,564.9)	(1,560.1)	(1,560.1)
Derivative liabilities (Note 20)	(572.3)	(572.3)	(518.3)	(518.3)
	(2,325.9)	(2,341.6)	(2,221.8)	(2,237.5)

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 FINANCIAL INSTRUMENTS (continued)

The Group's exposure to various risks associated with the financial instruments is outlined in Note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets in the table above.

Leases disclosure and ageing breakdown is provided in Note 12.

Fair value of financial instruments

All financial instruments are held at amortised cost, except derivatives that are at fair value through profit or loss. Information about the methods and assumptions used in determining the fair value of derivatives is included in Note 20.

The Group and Company have a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying values, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature, such as cash and cash equivalents, money market deposits, trade and other receivables, and trade and other payables.

The instruments for which significant differences were identified, in either the current or prior periods, are presented in the following table.

Group	Dec 2025 Carrying value £m	Dec 2025 Fair value £m	Mar 2025 Carrying value £m	Mar 2025 Fair value £m
Financial liabilities:				
Bonds ¹ (Note 19)	(660.3)	(641.0)	(657.6)	(623.6)
Bank and other term borrowings ² (Note 19)	(67.9)	(64.2)	(68.7)	(65.5)
Amounts owed to parent undertaking ¹ (Note 19)	(114.0)	(113.4)	(111.1)	(111.1)
Amounts owed to group undertaking ¹ (Note 19)	(722.7)	(693.5)	(722.3)	(672.5)

¹These fair value are derived from quoted market prices and, therefore, meet the Level 1 criteria.

²These fair value are based on discounted cash flows using a current borrowing rate. They are classified as Level 3 due to the use of unobservable inputs, including own credit risk.

22 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The principal financial risks to which the Group is exposed and which arise in the normal course of business include market risk, in particular interest rate risk and inflation risk, credit risk and liquidity risk.

The Group has a formal risk management structure, designed to identify and analyse risks. There are financial risk management policies and controls in place, including the use of risk limits, mandates, and monitoring and reporting requirements, supported by reliable and up-to-date systems. The risk management policies and systems are reviewed annually and amended to reflect changes in market conditions and the associated levels of risk, as appropriate. The processes for managing risk and the methods used to measure risk have not changed since the prior year. It is the responsibility of the Board to set, approve and review the risk management policies, procedures and controls. The Audit and Compliance Committee is responsible for independently overseeing the financial risk management activities of the Group. The Group treasury function, which is authorised to conduct the day-to-day treasury activities of the Group, reports on a regular basis to the Audit and Compliance Committee.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that future cash flows of a financial instrument, or the fair value of a financial instrument, will fluctuate because of changes in market prices. Market prices include foreign exchange rates, interest rates, inflation, equity and commodity prices. The main types of market risk to which the Group is exposed are interest rate risk and inflation risk; the Group has no significant foreign exchange, equity or commodity exposure.

The Board has authorised the use of derivative financial instruments to reduce the risk of loss arising from changes in market risks, and for economic hedging reasons. Derivatives are used to hedge interest rate risk and to change the basis of interest cash flows from fixed to either an alternative fixed profile, or to an RPI inflation-linked basis to match the inflation-linked revenue profile (noting that Ofgem have now changed this to a CPIH basis). The Board approves all new derivatives. The Group and Company do not use derivatives for speculative purposes. More information on the derivatives held by the Group is provided in Note 20.

Interest rate risk

The Group's floating rate borrowings (see Note 19) and derivatives (see Note 20) are exposed to a risk of change in cash flows due to changes in interest rates. The Group's derivatives are exposed to a risk of change in their fair value due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk due to their short-term nature.

Sensitivity analysis on interest

Although the following analysis provides an indication of the Group's exposure to interest rate risk, such analysis is limited due to the long-term nature of many of the financial instruments and the uncertainty over future market rates.

The sensitivity figures are calculated based on a downward parallel shift across the interest rate curve of 0.5% and upward parallel shifts of 0.5% and 1%, a range in outcomes that management deem reasonably possible within the next financial year.

At 31 December 2025, the only floating rate debt facility was the RCF, which was nil drawn throughout the period (Mar 2025: same), so there was no related interest charge in the statement of profit or loss and other comprehensive income. On the cash flows of the derivatives, there would be an equal and opposite effect on the fair value movement, resulting a net £nil impact in the statement of profit or loss and other comprehensive income.

The following table shows the amount by which the fair value of items recorded on the statement of financial position at fair value would be adjusted for a given interest rate movement. As fair value movements are taken to profit or loss, there would be a corresponding adjustment to finance costs; figures in brackets represent a reduction to profit.

	Dec 2025 -0.5% £m	Dec 2025 +0.5% £m	Dec 2025 +1% £m	Mar 2025 -0.5% £m	Mar 2025 +0.5% £m	Mar 2025 +1% £m
Group and Company						
Fair values:						
Inter-company derivative asset	18.6	(17.6)	(34.2)	19.9	(18.7)	(36.4)
Inter-company derivative liability	(18.6)	17.6	34.2	(19.9)	18.7	36.4
Inflation-linked swaps	(33.6)	31.2	60.1	(34.7)	32.2	61.9
Interest rate swaps	3.7	(3.6)	(7.2)	4.2	(4.1)	(8.0)
Total finance costs impact	(29.9)	27.6	52.9	(30.5)	28.1	53.9

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 FINANCIAL RISK MANAGEMENT (continued)

Inflation risk

The Group's inflation-linked borrowings and inflation-linked derivatives are exposed to a risk of change in cash flows due to changes in inflation rates. The Group's index-linked derivatives are exposed to a risk of change in their fair value due to changes in inflation rates.

Sensitivity analysis on inflation

Although the following analysis provides an indication of the Group's exposure to inflation risk, such analysis is limited due to the long-term nature of many of the financial instruments and the uncertainty over future market rates.

The sensitivity figures are calculated based on a downward parallel shift across the inflation curve of 0.5% and upward parallel shifts of 0.5% and 1%, a range in outcomes that management deem reasonably possible within the next financial year.

The following table shows the amount by which the finance costs in the statement of profit or loss and other comprehensive income, including indexation of the inflation-linked debt and accretion on the inflation-linked derivatives, would have differed if inflation rates over the course of the period had differed from the actual rates; figures in brackets represent a reduction to profit. The change in indexation would have a corresponding impact on the carrying value of the inflation-linked debt in the statement of financial position. The impact on the cash flows of the derivatives is excluded from this analysis, as there would be an equal and opposite effect on the fair value movement, resulting a net £nil impact in the statement of profit or loss and other comprehensive income; figures in brackets represent a reduction to profit.

	Dec 2025 -0.5%	Dec 2025 +0.5%	Dec 2025 +1%	Mar 2025 -0.5%	Mar 2025 +0.5%	Mar 2025 +1%
Group and Company	£m	£m	£m	£m	£m	£m
Interest:						
Inflation-linked borrowings	-	-	-	-	-	-
Indexation:						
Inflation-linked borrowings	1.4	(1.4)	(2.8)	1.4	(1.4)	(2.7)
Total finance costs impact	1.4	(1.4)	(2.8)	1.4	(1.4)	(2.7)

The following table shows the amount by which the fair value of items recorded in the statement of financial position at fair value would be adjusted for a given inflation rate movement. As fair value movements are taken to profit or loss, there would be a corresponding adjustment to finance costs; figures in brackets represent a reduction to profit.

	Dec 2025 -0.5%	Dec 2025 +0.5%	Dec 2025 +1%	Mar 2025 -0.5%	Mar 2025 +0.5%	Mar 2025 +1%
Group and Company	£m	£m	£m	£m	£m	£m
Fair values:						
Inter-company derivative asset	(27.4)	28.9	59.0	(29.0)	30.5	62.7
Inter-company derivative liability	27.4	(28.9)	(59.0)	29.0	(30.5)	(62.7)
Inflation-linked swaps	47.3	(50.6)	(104.9)	49.3	(52.9)	(109.8)
Total finance costs impact	47.3	(50.6)	(104.9)	49.3	(52.9)	(109.8)

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The Group is exposed to credit risk, which is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract as they fall due. Credit risk arises principally from cash and cash equivalents, money market deposits, derivative assets, and trade and other receivables.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets, as shown in the table in Note 21.

The Group is potentially exposed to significant credit risk in relation to cash and cash equivalents, money market deposits and derivative assets. For these counterparties, minimum credit ratings are specified, and individual exposure limits are in place to reduce the concentration of risk and exposure to any one counterparty. Management does not anticipate any of these counterparties will fail to meet its obligations. At 31 December 2025, none (Mar 2025: none) of the Group's treasury balances were either past due or impaired, and no terms had been re-negotiated with any counterparty.

The table below shows an analysis of the ratings of the counterparties with which the Group holds cash and cash equivalents (excluding the impact of unrepresented items), money market deposits and derivative assets.

Group and Company	Dec 2025 £m	Dec 2025 %	Mar 2025 £m	Mar 2025 %
AAA	83.7	52.9	91.2	51.5
A+	74.2	47.0	43.8	24.8
A	0.1	0.1	42.0	23.7
	158.0	100.0	177.0	100.0

For more information on the credit risk and expected credit losses in relation to trade and other receivables, see Note 16.

Liquidity risk

Liquidity risk is the risk that the Group will have insufficient funds to meet its financial obligations as they fall due. The Group manages the maturity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are able to be met when due. This is achieved through maintaining a prudent level of liquid assets and arranging funding facilities well in advance of need. The Group uses derivatives to economically hedge certain cash flows (see Note 20).

The Board is responsible for monitoring the maturity of liquidity and deposit funding balances and taking any action as appropriate. Forecasts to the end of the current regulatory period in 2028 and longer-term forecasts to 2058 are used to assess the liquidity needs of the Group. These forecasts demonstrate the availability of sufficient liquidity, and headroom against all financial compliance ratios.

The Board has approved a liquidity framework within which the business operates, including the maintenance of a minimum of 12 months liquidity.

The Group had access to the following liquid assets and undrawn borrowing facilities at 31 December 2025:

Group and Company	Dec 2025 £m	Mar 2025 £m
Cash and cash equivalents (Note 17)	105.9	132.1
Committed undrawn borrowing facilities (Note 19)	250.0	250.0
	355.9	382.1

The Group considers the timing of scheduled payments to avoid risks associated with the concentration of large cash flows within particular time periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 FINANCIAL RISK MANAGEMENT (continued)

The table below shows the maturity profile of the contractual cash flows due under the Group's financial liabilities, on an undiscounted basis, estimated using prevailing interest and inflation rates at the reporting date. Derivative cash flows include those on both derivative assets and derivative liabilities and have been shown net; all other cash flows are shown gross.

Group and Company	<1 year £m	1– 2 years £m	2 – 3 years £m	3-4 years £m	>4 years £m	Total £m
At 31 December 2025:						
Trade payables	(19.1)	-	-	-	-	(19.1)
Refundable customer deposits	(3.0)	-	-	-	-	(3.0)
Leases	(4.0)	(3.4)	(2.7)	(1.8)	(10.4)	(22.3)
Amounts owed to parent undertaking	(4.7)	(4.7)	(115.3)	-	-	(124.7)
Amounts owed to group companies	(25.0)	(25.0)	(25.0)	(25.0)	(791.6)	(891.6)
Bonds	(493.0)	(3.1)	(3.1)	(3.1)	(261.8)	(764.1)
Borrowings and overdrafts	(9.8)	(9.7)	(9.7)	(9.7)	(29.0)	(67.9)
Derivatives	(4.5)	(37.8)	(11.3)	(11.2)	(435.8)	(500.6)
Total contractual cash flows	(563.1)	(83.7)	(167.1)	(50.8)	(1,528.6)	(2,393.3)
At 31 March 2025:						
Trade payables	(18.8)	-	-	-	-	(18.8)
Refundable customer deposits	(2.7)	-	-	-	-	(2.7)
Leases	(4.6)	(3.6)	(2.9)	(2.4)	(10.4)	(23.9)
Amounts owed to parent undertaking	(4.6)	(4.6)	(116.9)	-	-	(126.1)
Amounts owed to group companies	(25.0)	(25.0)	(25.0)	(25.0)	(816.7)	(916.7)
Bonds	(493.0)	(3.0)	(3.0)	(3.0)	(257.4)	(759.4)
Borrowings and overdrafts	(9.5)	(9.5)	(9.5)	(9.5)	(33.0)	(71.0)
Derivatives	(6.1)	(10.2)	(35.1)	(10.2)	(392.2)	(453.8)
Total contractual cash flows	(564.3)	(55.9)	(192.4)	(50.1)	(1,509.7)	(2,372.4)

*The comparative information has been restated, see Note 1 for more details.

23 RETIREMENT BENEFITS SCHEMES

Group and Company

Nature of Scheme

The Group's retirement benefit arrangement is the Electricity North West Group of the Electricity Supply Pension Scheme ("ESPS" or "the Scheme") and forms part of the ESPS. The Scheme contains both a defined benefit section and a defined contribution section, for which ENWL is the sponsoring employer. The defined benefit section of the Scheme closed to new entrants on 1 September 2006, with new employees of the Group subsequently provided with access to the defined contribution section.

The defined benefit section is a UK funded final salary arrangement providing pensions and lump sums to members and dependants. The defined benefit section is a separate fund that is legally separated from the entity. The Trustee board of the Scheme is composed of representatives from both the employer and members of the Scheme. Under the Pensions Act 2004 at least one third of the Trustee Board must be member nominated and the Trustee Board has made the necessary arrangements to fulfil this obligation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 RETIREMENT BENEFITS SCHEMES (continued)

The Trustee Board of the Scheme is required by law to act in the interest of the Scheme and all relevant stakeholders of the Scheme, i.e., active employees, retirees and employers. The Trustee Board is responsible for the operation, funding and investment strategy of the Scheme.

During the period the Group made contributions of £7.0m (Mar 2025: £9.8m) to the defined benefit section of the Scheme. This includes £nil (Mar 2025: £nil) of deficit contributions. The Group estimates that contributions for the period ending 31 December 2026 will amount to around £7.6m. The total defined benefit pension expense for the period was £2.7m (Mar 2025: £6.8m). No executive directors were part of the defined benefit scheme. As at 31 December 2025 contributions of £1.0m (Mar 2025: £1.0m) relating to the current period had not been paid over to the defined benefit Scheme.

Defined benefit assets are measured at fair value while liabilities are measured at present value. The difference between the two amounts is recognised as a surplus or obligation in the statement of financial position.

UK legislation requires the Trustee Board to carry out valuations at least every three years and to target full **funding against a basis that prudently reflects the Scheme's risk exposure**. The most recent triennial funding valuation of the scheme was carried out as at 31 March 2022 and identified a shortfall of £19.4m **against the Trustee Board's statutory funding objective**. A subsequent triennial valuation as at 31 March 2025 is currently underway; however, the results are not yet available. In addition to the timing of the two valuations, the contributions made in the period and the return on assets, the main difference is due to the different assumptions used by the IAS 19 '*Employee Benefits (revised 2011)*' and the funding valuation. In the event of underfunding, the Group must agree a deficit recovery plan with the Trustee Board within statutory deadlines. As part of the last formal valuation, the Group agreed to eliminate the shortfall by paying additional annual contributions in the period to 31 March 2023; no further additional contributions are required after 31 March 2023 until at least the next triennial valuation. The next valuation, as at 31 March 2025, is currently underway but not yet complete.

Changes in actuarial methodology and assumptions

During the period, **the Group appointed a new actuarial adviser to prepare the IAS19 valuation of the defined benefit pension scheme**. For the period to 31 December 2025, the Scheme's liabilities were measured using a full member-by-member actuarial valuation using the most recent membership data available as at the reporting date, i.e. 30 April 2025. This replaced the roll-forward approach applied in previous years.

In addition, the actuarial assumptions used for IAS19 purposes were set in accordance with the assumption-setting framework adopted by the Group's ultimate parent company. This represents a change from the approach applied in prior periods, where assumptions were derived independently for the Group.

These updates represent changes in actuarial methodology and assumption-setting processes which has resulted in a £3.1m decrease in the net defined benefit surplus recognised on the statement of financial position as at 31 December 2025.

Funding the liabilities

For the period to 31 December 2025, the Scheme's liabilities were measured using a full member by member actuarial valuation using the most recent membership data available as at the reporting date, i.e. 30 April 2025; the prior period defined benefit obligation has been calculated using roll-forward approach based on the results of the 31 March 2022 triennial funding valuation. The present value of the defined benefit obligation, the related current service cost and the past service cost were measured using the projected unit credit method. A pension surplus under IAS 19 of £39.3m is included in the statement of financial position at 31 December 2025 (Mar 2025: surplus of £56.1m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 RETIREMENT BENEFITS SCHEMES (continued)

The duration of the Scheme based on the results of the 31 March 2022 triennial funding valuation is approximately 16.0 years (Mar 2025: 16.0 years). As at the current reporting date the Scheme actuary estimates that the duration based on the 31 March 2022 triennial has since fallen to approximately 11.0 years (Mar 2025: 12.0 years). The duration of the scheme calculated under IAS 19 'Employee **Benefits**' for the period ended 31 December 2025 is 11.5 years (Mar 2025: 12.0 years).

Investment risks

The Scheme has an investment strategy to aim to match pensioner and other liabilities with lower risk cash flow investments and to invest liabilities in respect of active members into return seeking assets. As active members retire, then a switch of investments would be carried out.

The Company recognises that the interests of customers, who ultimately fund pension costs, should be given full recognition in determining the investment strategy. The Company works in collaboration with the Scheme Trustee to ensure these interests are considered alongside those of the members of the Scheme.

Other risks

In addition to investment risk, the Scheme exposes the Group to other risks, such as longevity risk, inflation risk and interest rate risk. **As the Scheme's obligation is to provide lifetime pension benefits to members upon retirement, increases in life expectancy will result in an increase in the Scheme's liabilities. Other assumptions used to value the defined benefit obligation are also uncertain.**

These risks are managed through de-risking and hedging strategies and are measured and reported to the **Scheme's Trustee. In particular, in October 2019 the Scheme completed a pensioner buy-in with Scottish Widows for around 80% of the Scheme's then pensioner liabilities.** This buy-in asset now represents 44.8% of the total Scheme assets as at 31 December 2025 (Mar 2025: 45.0%). This had the effect of removing longevity and investment risks in respect of the liabilities for this part of the membership.

Winding up

Although currently there are no plans to do so, the Scheme could be wound up in which case the benefits would have to be bought out with an insurance company. The cost of buying-out benefits would be significantly more than the defined benefit obligation calculated in accordance with IAS 19.

Defined Contribution arrangements

All assets within the defined contribution section of the Scheme are held independently from the Group. The total cost charged to the statement of profit or loss and other comprehensive income in relation to the defined contribution section for the period ended 31 December 2025 was £9.5m (Mar 2025: £11.2m) and represents contributions payable to the Scheme at rates specified in the rules of the Scheme. At 31 December 2025 contributions of £0.2m (Mar 2025: £0.2m) due in respect of the current period had not been paid over to the defined contribution scheme.

Defined Benefits employee benefits

The reconciliation of the opening and closing statement of financial position is as follows:

	Dec 2025	Mar 2025
	£m	£m
Group and Company		
At 1 April	56.1	39.0
Expense recognised in profit or loss	(2.7)	(6.8)
Contributions paid	7.0	9.8
Total re-measurement included in other comprehensive income	(21.1)	14.1
At period end	39.3	56.1

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 RETIREMENT BENEFITS SCHEMES (continued)

The balance recognised in the statement of financial position is as follows:

	Dec 2025	Mar 2025
Group and Company	£m	£m
Present value of defined benefit obligations	(804.1)	(769.1)
Fair value of plan assets	843.4	825.2
Net surplus arising from defined benefit obligation	39.3	56.1

Movements in the fair value of the defined benefit obligations are as follows:

	Dec 2025	Mar 2025
Group and Company	£m	£m
At 1 April	769.1	855.0
Current service cost	4.0	7.5
Interest expense	31.2	39.7
Member contributions	0.9	1.3
Re-measurement:		
Effect of changes in demographic assumptions	12.7	(2.2)
Effect of changes in financial assumptions	1.5	(76.5)
Effect of experience adjustments	27.1	1.3
Benefits paid	(42.4)	(57.0)
At period end	804.1	769.1

Movements in the fair value of the Pension Scheme assets were as follows:

	Dec 2025	Mar 2025
Group and Company	£m	£m
At 1 April	825.2	894.0
Interest income	33.7	41.8
Return on plan assets (net of interest income)	20.2	(63.3)
Employer contributions	7.0	9.8
Member contributions	0.9	1.3
Benefits paid	(42.4)	(57.0)
Administration expenses	(1.2)	(1.4)
At period end	843.4	825.2

The amount recognised in other comprehensive income is as follows:

	Dec 2025	Mar 2025
Group and Company	£m	£m
Return on scheme assets excluding interest income	20.2	(63.3)
Actuarial (loss)/gain arising from changes in demographic assumptions	(12.7)	2.2
Actuarial (loss)/gain arising from changes in financial assumptions	(1.5)	76.5
Experience loss on liabilities	(27.1)	(1.3)
Total (loss)/gain recognised in other comprehensive income	(21.1)	14.1

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 RETIREMENT BENEFITS SCHEMES (continued)

The net pension expense before taxation recognised in profit or loss, before capitalisation, in respect of the Scheme is summarised as follows:

	Dec 2025	Mar 2025
Group and Company	£m	£m
Current service cost	(4.0)	(7.5)
Interest income on plan assets	33.7	41.8
Interest expense on Scheme obligations	(31.2)	(39.7)
Administration expenses	(1.2)	(1.4)
Net pension expense before taxation	(2.7)	(6.8)

The above amounts are recognised in arriving at operating profit except for the interest on Scheme assets and interest on Scheme obligations which have been recognised within finance expense (Note 9).

The main financial assumptions used by the actuary (in determining the surplus) were as follows:

	Dec 2025	Mar 2025
Group and Company	%	%
Discount rate	5.32	5.60
Pensionable salary increases	3.76*	4.15*
Pension increases (RPI)	2.82	3.10
Price inflation (RPI)	2.96	3.35
Price inflation (CPI)	2.56	2.95

*3.76% in 2025, 2026. 2.66% thereafter.

The mortality rates utilised in the valuation are based on the standard actuarial tables S4PMA_M and S4PFA_M (Mar 2025: S3PA_M (SAPS3 combined amounts MIDDLE)) tables with a scaling of 106% for male pensioners (Mar 2025: 109%), 105% for female pensioners (Mar 2025: 107%), 104% for male non-pensioners (Mar 2025: 109%) and 108% for female non-pensioners (Mar 2025: 107%). These scaling factors allow for differences in expected mortality between the Scheme population and the population used in the standard tables. A long-term improvement rate of 1.25% p.a. is assumed within the underlying CMI 2024 model (Mar 2025: 1.25% CMI 2023 model).

The current life expectancies underlying the value of the accrued liabilities for the Scheme are:

	Dec 2025	Mar 2025
Group and Company	Years	Years
Male pensioners - current age 60	25.2	24.6
Male non-pensioners - current age 60	26.4	25.7
Female pensioners - current age 60	28.0	27.8
Female non-pensioners - current age 60	29.0	28.9

The following table presents a sensitivity analysis for each significant actuarial assumption, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the statement of financial position date. The calculations alter the relevant assumption by the amount specified, whilst assuming that all other variables remained the same.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 RETIREMENT BENEFITS SCHEMES (continued)

Virgin Media vs NTL Pension Trust II Limited

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. On 2 September 2025, the Government published draft amendments to the Pensions Schemes Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. Based on the advice received to date, the Group has concluded that the ruling in the case will have no material impact for the Company and the Group.

24 CUSTOMER CONTRIBUTIONS

Customer contributions are amounts received from a customer in respect of the provision of a new connection to the network. Customer contributions are amortised through the statement of profit or loss and other comprehensive income over the expected lifetime of the relevant asset.

	Dec 2025	Mar 2025
Group and Company	£m	£m
At 1 April	817.0	801.3
Additions during the period	40.0	37.5
Amortised through revenue (Note 4 & 34)	(15.6)	(21.8)
At period end	841.4	817.0
Split:		
Current customer contributions	71.5	67.1
Non-current customer contributions	769.9	749.9
	841.4	817.0

Refundable customer contributions are those customer contributions which may be partly refundable, dependent on contractual obligations.

	Dec 2025	Mar 2025
Group and Company	£m	£m
Refundable customer contributions	91.4	87.0
Non-refundable customer contributions	750.0	730.0
At period end	841.4	817.0

25 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and the movements thereon, during the current period and prior year.

	Accelerated tax depreciation	Retirement benefit obligations	Other	Total
Group and Company	£m	£m	£m	£m
*Restated at 31 March 2024	311.6	9.4	(59.8)	261.2
Charged to profit or loss (Note 10)	28.7	1.1	13.4	43.2
Deferred tax on re-measurement of defined benefit pension scheme	-	3.5	-	3.5
*Restated at 31 March 2025	340.3	14.0	(46.4)	307.9
Charged to profit or loss (Note 10)	14.3	1.2	(4.9)	10.6
Deferred tax on re-measurement of defined benefit pension scheme	-	(5.3)	-	(5.3)
At 31 December 2025	354.6	9.9	(51.3)	313.2

*The comparative information has been restated, see Note 1 for more details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 DEFERRED TAX (continued)

Other timing differences relate primarily to derivative instruments, but also includes general provision, pension contributions not paid, rollover relief, IFRS9 and IFRS16 transitional adjustments.

Deferred tax is calculated at 25% (Mar 2025: 25%), being the rate at which it is expected to reverse.

There are no unrecognised deferred tax assets or liabilities for either the Group or Company in either the current period or prior year.

26 PROVISIONS

Group and Company	Dec 2025 £m	Mar 2025 £m
At 1 April	3.6	0.7
Additions during the period	1.9	3.3
Utilised during the period	-	(0.4)
Released during the period	(2.4)	-
At period end	3.1	3.6

At 31 December 2025, £1.1m (Mar 2025: £2.5m) of the balance is due in less than one year, £2.0m (Mar 2025: £1.1m) is due after one year.

The closing balance of £3.1m (Mar 2025: £3.6m) includes provisions relating to obligations arising from property-related matters involving company infrastructure, ongoing litigation matters, and dilapidation obligations. These amounts represent management's **current best estimate of expected settlement costs**. Additions in the period totalled £1.9m (Mar 2025: £3.3m). The movement also includes releases of £2.4m (Mar 2025: £nil), arising from updated assessments of obligations where anticipated costs are now lower than previously estimated.

27 SHARE CAPITAL

Group and Company	Dec 2025 £	Mar 2025 £
Authorised:		
569,999,996 ordinary shares of 50 pence each (Mar 2025: 569,999,996)	284,999,998	284,999,998
4 'A' ordinary shares of 50 pence each (Mar 2025: 4)	2	2
Special rights redeemable preference shares of £1 (Mar 2025: 1)	1	1
At period end	285,000,001	285,000,001
Allotted, called up and fully paid:		
476,821,341 ordinary shares of 50 pence each (Mar 2025: 476,821,341)	238,410,671	238,410,671
4 'A' ordinary shares of 50 pence each (Mar 2025: 4)	2	2
At period end	238,410,673	238,410,673

The 'A' ordinary shares and the ordinary shares rank *pari passu* in all respects, save that dividends may be declared on one class of shares without being declared on the other.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28 SHAREHOLDERS' EQUITY

Group	Share capital £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
At 1 April 2025	238.4	4.4	68.0	8.6	910.7	1,230.1
*Restatement	-	-	-	-	(3.5)	(3.5)
*Restated at 1 April 2025	238.4	4.4	68.0	8.6	907.2	1,226.6
Profit for the period	-	-	-	-	92.1	92.1
Other comprehensive income for the period	-	-	-	-	(15.8)	(15.8)
Transfer from revaluation reserve	-	-	(1.4)	-	1.4	-
	-	-	(1.4)	-	77.7	76.3
Transactions with owners recorded directly in equity:						
Dividends (Note 30)	-	-	-	-	(19.0)	(19.0)
At 31 December 2025	238.4	4.4	66.6	8.6	965.9	1,283.9
Company						
At 1 April 2025	238.4	4.4	68.0	8.6	910.4	1,229.8
*Restatement	-	-	-	-	(3.5)	(3.5)
*Restated at 1 April 2025	238.4	4.4	68.0	8.6	906.9	1,226.3
Profit for the period	-	-	-	-	92.1	92.1
Other comprehensive income for the period	-	-	-	-	(15.8)	(15.8)
Transfer from revaluation reserve	-	-	(1.4)	-	1.4	-
	-	-	(1.4)	-	77.7	76.3
Transactions with owners recorded directly in equity:						
Dividends (Note 30)	-	-	-	-	(19.0)	(19.0)
At 31 December 2025	238.4	4.4	66.6	8.6	965.6	1,283.6

*The comparative information has been restated, see Note 1 for more details.

In 1997 the Company undertook a revaluation of certain assets, following North West Water's acquisition of Norweb. This resulted in the creation of a revaluation reserve of £234.9m. The additional depreciation created as a result of the revaluation is transferred from the revaluation reserve to retained earnings on an annual basis.

The capital redemption reserve is a non-distributable reserve specifically for the purchase of own shares.

29 CAPITAL STRUCTURE

Details of the authorised and allotted share capital, together with details of the movements in the Company's issued share capital during the year are shown in Note 27. The Company has ordinary shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The Company also has 'A' ordinary shares which rank *pari passu* in all respects, save that dividends may be declared on one class of shares without being declared on the other.

NOTES TO THE FINANCIAL STATEMENTS (continued)

29 CAPITAL STRUCTURE (continued)

There are no specific restrictions on the size of a holding or on the transfer of shares which are both governed by the general provisions of the Articles of Association (“the Articles”) and prevailing legislation. The directors are not aware of any agreements between holders of the Company’s shares that may result in restrictions in the transfer of securities or on voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its the Articles, the Companies Act 2006 and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the Articles, copies of which are available on request, and in the Corporate Governance Report on pages 23 to 29.

Capital risk management

The capital structure of the Group consists of net debt, comprised of borrowings net of cash, and equity, comprised of share capital and reserves. The Group is subject to externally imposed capital requirements, by both Ofgem and financial lenders and investors. These capital requirements include gearing levels, being the ratio of net debt to the regulatory asset value (“RAV”). The forecast gearing position is closely monitored by the Board against the external capital requirements (see page 6). The RAV (2020/21 prices) is taken from the most recent Price Control Financial Model (“PCFM”) published by Ofgem on its website and is calculated in accordance with the RIIO-ED2 methodology (1 April 2024 to 31 March 2028).

For the year ended 31 December 2025, the RAV is £2,941.1m (Mar 2025: 2,725.2m) and has been indexed using the CPIH for December 2025 (see page 4). The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance (see the dividend policy page 6), with regard to the externally imposed capital requirements.

30 DIVIDENDS

Amounts recognised as distributions to equity holders in the period comprise:

	Dec 2025	Mar 2025
	£m	£m
Group and Company		
Final dividend for the 12 months to 31 March 2024 of 9.52 pence per share (paid June 2024)	-	45.4
Interim dividends for the period ended 31 December 2025 of 3.98 pence per share (paid Dec 2025)	19.0	-
Dividends	19.0	45.4

At the date of signing this report, the directors have not proposed a final dividend for the period ended 31 December 2025.

31 ULTIMATE PARENT AND CONTROLLING PARTY

The registered address of the Company is: Borrton Street, Stockport, England, SK1 2JD.

The smallest group in which the current period results of the Company are consolidated is that headed by the Company; those consolidated financial statements can be obtained from the above address.

The largest group in which the current period results of the Company are consolidated is that headed by Iberdrola, S.A., a company incorporated and registered in Spain; those consolidated financial statements can be obtained from the registered office of Iberdrola, S.A: Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain. The directors regard Iberdrola, S.A. as the ultimate parent undertaking and the ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. During the period the following transactions with related parties were entered into:

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Sales and rendering of services to other Iberdrola group companies	19.0	19.0	12.3	12.3
Purchases and receipt of services from other Iberdrola group companies	(2.2)	(2.2)	(1.1)	(1.1)
Recharges to:				
Electricity North West (Construction and Maintenance) Limited	2.2	2.2	1.9	1.9
Electricity North West Services Limited	1.7	1.7	1.6	1.6
Electricity North West Property Limited	0.1	0.1	-	-
Other Iberdrola group companies	0.1	0.1	0.3	0.3
Recharges from:				
Electricity North West (Construction and Maintenance) Limited	(1.8)	(1.8)	(1.5)	(1.5)
Electricity North West Services Limited	(9.2)	(9.2)	(9.6)	(9.6)
Interest on group borrowings:				
North West Electricity Networks plc	(3.5)	(3.5)	(4.5)	(4.5)
ENW Finance plc	(19.1)	(19.1)	(25.5)	(25.5)
Other Iberdrola group companies	(0.3)	(0.3)	-	-
Interest on group borrowings (Note 9)	(22.9)	(22.9)	(30.0)	(30.0)
Reimbursement of inter-company loan impairment on loan from ENW Finance plc (Note 9)	-	-	(0.2)	(0.2)
Fair value movement on inter-company derivative asset with ENW Finance plc (Note 9)	(19.6)	(19.6)	24.9	24.9
Fair value movement on inter-company derivative liability with ENW Finance plc (Note 9)	19.6	19.6	(24.9)	(24.9)
Dividends paid to North West Electricity Networks plc (Note 30)	(19.0)	(19.0)	(45.4)	(45.4)
Directors' remuneration (Note 7)	(5.4)	(5.4)	(5.5)	(5.5)

For disclosure relating to executive directors' remuneration see Note 7. The Company's key management personnel comprise of its directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 RELATED PARTY TRANSACTIONS (continued)

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Amounts owed by group companies:				
North West Electricity Networks plc	3.9	3.9	3.7	3.7
Electricity North West (Construction and Maintenance) Limited	0.8	0.8	1.6	1.6
Electricity North West Services Limited	0.5	0.5	0.7	0.7
Electricity North West Property Limited	-	-	0.1	0.1
North West Electricity Networks (Finance) Limited	0.1	0.1	0.1	0.1
Electricity North West (Holdings) Limited	0.2	0.2	0.2	0.2
North West Electricity Networks (Holdings) Limited	0.4	0.4	0.4	0.4
North West Electricity Networks (UK) Limited	0.8	0.8	0.6	0.6
Total owed by group companies (Note 16)	6.7	6.7	7.4	7.4
Amounts owed to subsidiaries:				
Electricity North West Number 1 Company Limited (Note 18)	-	(15.5)	-	(15.5)
Interest payable to group companies:				
North West Electricity Networks plc	(0.2)	(0.2)	(1.3)	(1.3)
ENW Finance plc	(4.2)	(4.2)	(10.4)	(10.4)
Other amounts payable to group companies:				
Electricity North West Services Limited	(1.9)	(1.9)	(0.9)	(0.9)
North West Electricity Networks (Holdings) Limited	(0.2)	(0.2)	(0.2)	(0.2)
Electricity North West (Holdings) Limited	(0.1)	(0.1)	(0.1)	(0.1)
North West Electricity Networks plc	(0.2)	(0.2)	(0.2)	(0.2)
Electricity North West (Construction and Maintenance) Limited	(0.3)	(0.3)	(0.3)	(0.3)
Other Iberdrola group companies	(0.3)	(0.3)	-	-
Total owed to group companies (Note 18)	(7.4)	(7.4)	(13.4)	(13.4)
Borrowings payable to:				
North West Electricity Networks plc (Note 19) ¹	(114.0)	(114.0)	(111.1)	(111.1)
ENW Finance plc (Note 19) ²	(722.7)	(722.7)	(722.3)	(722.3)
Group tax relief (owed to)/owed by:				
North West Electricity Networks plc	(4.9)	(4.9)	(17.1)	(17.1)
North West Electricity Networks (Holdings) Ltd	-	-	-	-
North West Electricity Networks (UK) Ltd	-	-	0.4	0.4
Derivative asset with ENW Finance plc (Note 20)	211.7	211.7	192.2	192.2
Derivative liability with ENW Finance plc (Note 20)	(211.7)	(211.7)	(192.2)	(192.2)

¹This loan accrues weighted average interest at 4.11% (Mar 2025: 4.11%) and is repayable in March 2028.

²This balance relates to two loans: £299.3m (Mar 2025: £299.1m) accrues interest at 1.415% and matures in 2030, and £423.4m (Mar 2025: £423.2m) accrues interest at 4.893% and matures in 2032.

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 CONTRACTUAL COMMITMENTS

The following commitments have been contracted for but have not been recognised as liabilities in the financial statements:

	Dec 2025	Mar 2025
Group and Company	£m	£m
Acquisition of software (Note 13)	5.8	9.6
Acquisition of property, plant and equipment (Note 11)	81.4	75.8
Contractual commitments	87.2	85.4

34 CASH FLOW INFORMATION

Cash generated from operations

	Dec 2025	*Restated Mar 2025
Group and Company	£m	£m
Operating profit	215.2	282.2
Adjustments for:		
Depreciation of property, plant and equipment (Notes 5 & 11)	144.5	140.9
Depreciation of right of use assets (Notes 5 & 12)	2.1	2.5
Amortisation of intangible asset (Notes 5 & 13)	9.9	14.2
Amortisation of customer contributions (Notes 4 & 24)	(15.6)	(21.8)
Profit on disposal of property, plant and equipment (Note 5)	(0.2)	(0.5)
Cash contributions in excess of pension charge to operating profit	(4.4)	(4.7)
Operating cash flows before movements in working capital	351.5	412.8
Changes in working capital:		
Increase in inventories	(18.9)	(7.5)
Decrease/(increase) in trade and other receivables	(18.6)	2.9
Increase/(decrease) in trade and other payables	8.6	6.0
Cash generated from operations	322.6	414.2

*The comparative information has been restated, see Note 1 for more details.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

	Dec 2025	*Restated Mar 2025
Group and Company	£m	£m
Borrowings (Note 19)	(1,564.9)	(1,560.1)
Lease liabilities (Note 12)	(16.3)	(17.5)
Cash and cash equivalents (Note 17)	105.9	132.1
Net debt	(1,475.3)	(1,445.5)

*The comparative information has been restated, see Note 1 for more details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

34 CASH FLOW INFORMATION (continued)

Change in liabilities arising from financing activities

This section sets out an analysis of the movements in the Group's liabilities for which cash flows have been, or will be, classified as financing activities in the statement of cash flows.

Group and Company	Borrowings £m	*Restated Lease liabilities £m	Cash and cash equivalents £m	Total £m
Net debt at 31 March 2024	(1,565.1)	(17.0)	189.8	(1,392.3)
Financing cash flows	8.0	2.5	(57.7)	(47.2)
Indexation (Notes 9 & 19)	(9.6)	-	-	(9.6)
New leases	-	(3.0)	-	(3.0)
Transaction costs on new borrowings (Note 19)	1.3	-	-	1.3
Amortisation of transaction costs, discounts and premiums (Note 19)	5.3	-	-	5.3
Net debt at 31 March 2025	(1,560.1)	(17.5)	132.1	(1,445.5)
Financing cash flows	1.9	2.4	(26.2)	(21.9)
Indexation (Notes 9 & 19)	(10.4)	-	-	(10.4)
New leases	-	(1.2)	-	(1.2)
Transaction costs on new borrowings (Note 19)	-	-	-	-
Amortisation of transaction costs, discounts and premiums (Note 19)	3.7	-	-	3.7
Net debt at 31 December 2025	(1,564.9)	(16.3)	105.9	(1,475.3)

*The comparative information has been restated, see Note 1 for more details.

Where applicable, interest on borrowings is included in operating activities in the statement of cash flows and accruals within current liabilities in the statement of financial position and is, therefore, excluded from this analysis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 POST BALANCE SHEET EVENTS

On 18 March 2026, the Company entered a £650m inter-company loan agreement from SPUK. The purpose of this £650m loan is to repay external debt maturing on 25 March 2026 (see below) and to provide additional liquidity for the Company and the Group. The maturity of this inter-company loan is March 2036. The loan has a utilisation period available to 31 December 2026. The first £500m was drawn on 25 March 2026.

On 25 March 2026, the £450m 8.875% 2026 bonds held by the Company were repaid at par on maturity. The Company utilised the £650m inter-company loan from SPUK (see above) to repay the £450m bonds.

At 31 December 2025, the Group had available to it a £500m commitment under a letter of support from SPUK. In July 2025, this letter of support was amended to extend the availability of this commitment from the earlier of the ENW(H) group securing alternative financing or 31 December 2026. When the £650m inter-company loan from SPUK was entered in March 2026 (see above), this letter of support was cancelled.

In March 2026, the Company entered a new letter of support from SPUK, through to at least 31 March 2027 for the provision of financial support to assist the Company in meeting its liabilities as they fall due, to the extent that money is not otherwise available to the Company.

Also in March 2026, the maturity date of the £250m RCF from SPUK was extended from 30 April 2027 to 30 April 2028.