

## **ENW FINANCE PLC**

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

Registered No. 06845434

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**STRATEGIC REPORT**

The directors present their Strategic Report on ENW Finance plc (“the Company”) for the 9 month period ended 31 December 2025.

**Company overview and principal activities**

The principal activity of the Company is that of a financing company.

The immediate parent of the Company is North West Electricity Networks 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 and ENW(H) are members. The ultimate parent of the Company is Iberdrola, S.A. (“Iberdrola”), one of the largest utility companies in the world.

On 10 October 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.

The Company issues listed debt and on-lends the net proceeds of the debt to the main trading company in the ENW(H) group, Electricity North West Limited (“ENWL”), which is the guarantor of the issued debt of the Company.

The Company holds an inter-company derivative liability with ENWL that matures in 2038. The terms of an inter-company loan incorporate the equal but opposite terms of this inter-company derivative liability and, thereby, create a hybrid loan asset with ENWL that matures in 2038.

In the period ended 31 December 2025, no new debt was issued by the Company, neither was any debt repaid by the Company.

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

**Financial review and key performance indicators**

The performance of the Company is monitored by the directors with reference to key performance indicators (“KPIs”). Performance against those measures for the periods ended 31 December 2025 and 31 March 2025 is set out below:

Profit before income tax		Net current assets		Net assets	
9-months to Dec 25 £000	12 months to Mar 25 £000	At Dec 25 £000	At Mar 25 £000	At Dec 25 £000	At Mar 25 £000
377	502	155	114	18,212	18,026

**Profit before income tax**

The results for the 9 month period are set out in the Statement of profit or loss and other comprehensive income.

The profit before income tax is primarily derived from the £372k interest receivable on the loan to parent (Note 6). The majority of other items of finance income and finance costs net to £nil.

**STRATEGIC REPORT (continued)****Net current assets and Net assets**

The Statement of financial position of the Company shows an increase in net assets of £186k. This increase is due to the profit before income tax of £377k, as explained above, net of movements in the corporation tax liability and deferred tax liability. Whilst there have been significant movements on the other items in the statement of financial position, those relate to items of finance income and finance costs and net to £nil.

**Non-financial key performance indicators**

As the Company is solely a financing company and there are no employees, there are no non-financial KPIs relevant to the Company.

**Financial instruments**

The Company holds various financial instruments, including borrowings, inter-company loan assets, derivatives, and cash and cash equivalents. These financial instruments expose the Company to various risks, including market risk, credit risk and liquidity risk. These financial risks are managed by the ENW(H) group treasury function, in conjunction with the ScottishPower and Iberdrola treasury functions.

The Company uses an inter-company index-linked derivative to economically hedge exposure to fluctuations in market rates over the medium to long-term, converting fixed rate debt to index-linked borrowing. The derivative relates directly to underlying debt. At 31 March 2025 and 31 December 2025 there were no formal hedge accounting relationships in the Company.

Under the terms of an inter-company loan agreement, the cash flows under the aforementioned inter-company derivative and associated underlying debt are transferred to ENWL, creating an inter-company hybrid loan asset, measured in its entirety at fair value through profit or loss ("FVTPL").

The inter-company derivative and inter-company hybrid loan asset are accounted for at FVTPL. Whilst both the economic impact and cashflows of these two financial instruments are equal and opposite, the fair value of the individual instruments will fluctuate because of changes in interest and inflation rates. Fluctuations in fair values reverse over the life of the instruments, and the fair value movements of each instrument are equal and opposite, thus having a £nil impact on profit or loss and retained earnings.

**Principal risks and uncertainties**

An assessment of the change in risk affecting the Company has been carried out and the principal risks are deemed comparable period on period. The principal risks affecting the Company relate to the ability to meet the obligations under the external debt.

As the amounts due in respect of the external debt are met via income receivable from ENWL, the directors consider the principal risks and uncertainties facing the Company to be those that affect ENWL. A comprehensive review of the principal risks and uncertainties facing ENWL are outlined in the Strategic Report of the ENWL Annual Report and Consolidated Financial Statements, which are available on the website, [www.enwl.co.uk](http://www.enwl.co.uk) under 'Financial investor relations > Financial reports'.

**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 understands 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 strategy of the Group, of which the Company acts as a member, 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 Board fully recognises that effective and meaningful engagement with stakeholders is key to promoting the success of the Group and, therefore, the Company.

During the period, the Group identified and interacted with its stakeholders via its principal subsidiary ENWL. The key stakeholder groups identified for ENWL were: Customers; People; Communities and the environment; Suppliers and contractors; and Government and regulators. For further information on ENWL's engagement with these stakeholder groups, refer to the relevant section of the Strategic Report in the ENWL annual report, published at [www.enwl.co.uk](http://www.enwl.co.uk) under 'Financial investor relations/Financial reports'.

As the Company is a financing company, it has no direct employees, customers, suppliers or contractors. The Company's primary business relationships are with finance lenders and investors, relationships with whom are managed by the Head of Treasury and Corporate Finance and the Group treasury function. The Board's principal decisions involve reviewing and monitoring the Group's treasury activities. The Company has no direct operations that impact communities or environment.

**STRATEGIC REPORT (continued)**

**SECTION 172 STATEMENT (continued)**

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**



**Charles Langan**

Director

23 June 2026

**DIRECTORS' REPORT**

The directors present their Annual Report and Financial Statements for ENW Finance plc ("the Company"), registered company number 06845434, for the 9 month period ended 31 December 2025.

**General Information**

The Company is a public 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.

**Dividends**

Dividends paid in the period were £nil (Mar 2025: £nil). The directors do not propose a final dividend for the 9 month period ended 31 December 2025.

**Financial risk management**

Disclosure around the Company's financial risks can be found in the Principal risks and uncertainties section of the Strategic Report on page 2, and in Note 14.

**Engagement with suppliers, customers and others**

The directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others. The Company is solely a financing company, is non-trading and has no direct suppliers or customers. The Company's primary business relationships are with finance lenders and investors, relationships with whom are managed by the Head of Corporate Finance and Investor Relations.

**Employees**

There are no employees of the Company.

**Future developments**

There are no planned changes to the business activities of the Company.

**Corporate governance**

As the Company has only debt securities listed on the London Stock Exchange, it has availed itself of an exemption from the Financial Conduct Authority's requirement to make corporate governance disclosures and from auditor review thereof.

**Board composition**

The directors who held office during the period were as follows:

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Stephanie Trubshaw (appointed 28 July 2025)	Executive director
Chris Johns	Executive director
Ian Smyth (resigned 2 July 2025)	Executive director
Beatrice Araujo	Non-executive director
Charles Langan	Non-executive director

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Beatrice Araujo resigned as a non-executive director on 1 January 2026.

Chris Johns resigned as an executive director on 30 April 2026.

Harold Hutchinson was appointed as an independent non-executive director on 1 January 2026.

Directors served for the whole period, and to the date of this report, except where otherwise indicated. At no time during the period did any director have a material interest in any contract or arrangement which was significant in relation to the Company's business.

**DIRECTORS' REPORT (continued)****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 financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework"), and applicable law.

Under company law, 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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and to prevent and detect fraud and other irregularities.

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

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

Each of the directors in office as at the date of approval of this report 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.

**DIRECTORS' REPORT (continued)**

**Responsibility statement of the directors in respect of the annual financial report**

We confirm that to the best of our 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 strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

**Independent auditor**

KPMG LLP, the independent auditor of Scottish Power Limited and its principal subsidiaries, was appointed auditor of the Company for the period ended 31 December 2025 in place of the retiring auditor, PricewaterhouseCoopers LLP.

**ON BEHALF OF THE BOARD**



**Charles Langan**

Director

23 June 2026

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENW FINANCE PLC****1 Our opinion is unmodified**

We have audited the financial statements of ENW Finance Plc ("the Company") for the nine month period ended 31 December 2025 which comprise the Company Statement of Profit and Loss and Other Comprehensive Income, Company Statement of Financial Position, Company Statement of Changes in Equity, 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 Company's affairs as at 31 December 2025 and of its profit for the nine month period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities 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 board of directors.

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 Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to 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.

**Valuation of derivative financial instruments**

Refer to Note 14 in the financial statements.

At 31 December 2025, the Company holds an intercompany derivative liability of £212 million (31 March 2025: £192 million) and an equal but opposite intercompany hybrid loan asset of £212 million (31 March 2025: £192 million).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENW FINANCE PLC REPORT (continued)**

**The risk – Subjective estimate** – The intercompany derivatives are quantitatively one of the most significant amounts on the Company's Statement of Financial Position. These are measured at fair value, which includes subjectivity over the assessment of credit risk inputs. Their valuation is not at a high risk of material misstatement or subject to significant estimation uncertainty. However, due to their materiality and level of audit effort involved, this is considered to be the area that had the greatest effect on our overall audit.

**Our response** – We performed the tests below rather than seeking to rely on the Company'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:

- **Independent Valuation:** Using our own valuation specialists, performing an independent valuation of the index linked swaps that the Company entered including the valuation of the credit risk adjustments. Our valuation specialists also assessed the appropriateness of the Credit Default Swap spread adopted by the Company using independently sourced inputs and data points.
- **Contract Inspection:** Inspecting the derivative contracts and, where relevant, trade confirmations to confirm the counterparties and the relevant information in the contracts.

**Our results** – We found the valuation of derivative financial instruments to be acceptable.

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

Materiality for the financial statements as a whole was set at £5.0 million, determined with reference to a benchmark of total assets of £967.3 million of which it represents 0.5%.

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 75% of materiality for the financial statements as a whole, which equates to £3.8 million. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the board of directors any corrected or uncorrected identified misstatements exceeding £0.25 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

**4 Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the 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 its 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").

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENW FINANCE PLC REPORT (continued)**

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The Company's cash flows are dependent on the continuation of the operations of the key subsidiary in the ENW(H) Group, Electricity North West Limited. The risks that we considered most likely to adversely affect the 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 considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Company's financial forecasts.

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 and dependencies.

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 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 Company will continue in operation.

**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 ENW(H) Group's legal function and the compliance function and inspection of policy documentation as to the Company'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.
- Reading Board 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENW FINANCE PLC REPORT (continued)**

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. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

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 containing specific risk-based keywords and unusual account combinations.

*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 Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company 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 Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and tax legislation 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 Company 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. We identified the following areas as those most likely to have such an effect: company legislation, recognising the regulated nature of the Company'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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENW FINANCE PLC REPORT (continued)***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.

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

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENW FINANCE PLC REPORT (continued)****8 Respective responsibilities*****Directors' responsibilities***

As explained more fully in their statement set out on page 6, 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 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 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](http://www.frc.org.uk/auditorsresponsibilities).

**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

23 June 2026

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

for the 9 month period ended 31 December 2025

	Notes	9 month to Dec 2025 £000	12 months to Mar 2025 £000
<b>OPERATING LOSS</b>	4	(5)	(1)
Finance income	6	21,439	28,119
Finance costs	7	(21,057)	(27,616)
<b>PROFIT BEFORE INCOME TAX</b>		<b>377</b>	502
Income tax expense	8	(191)	(122)
<b>PROFIT FOR THE PERIOD</b>		<b>186</b>	380
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>186</b>	380

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

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

**STATEMENT OF FINANCIAL POSITION**

at 31 December 2025

	Notes	At Dec 2025 £000	At Mar 2025 £000
<b>NON-CURRENT ASSETS</b>			
Loans to group undertakings	9	955,697	936,068
<b>CURRENT ASSETS</b>			
Amounts owed by group undertakings	10	11,445	17,301
Cash and cash equivalents		167	158
		11,612	17,459
<b>TOTAL ASSETS</b>		<b>967,309</b>	<b>953,527</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	(3,914)	(10,171)
Amounts owed to group undertakings	12	(7,543)	(7,174)
		(11,457)	(17,345)
<b>NET CURRENT ASSETS</b>		<b>155</b>	<b>114</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	(723,803)	(723,651)
Derivative financial instruments	14	(211,692)	(192,181)
Deferred tax	15	(2,145)	(2,324)
		(937,640)	(918,156)
<b>TOTAL LIABILITIES</b>		<b>(949,097)</b>	<b>(935,501)</b>
<b>NET ASSETS</b>		<b>18,212</b>	<b>18,026</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	13	13
Retained earnings		18,199	18,013
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>18,212</b>	<b>18,026</b>

The above 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 23 June 2026:



**Charles Langan**  
Director

**STATEMENT OF CHANGES IN EQUITY**

for the 9 months period ended 31 December 2025

	Called up share capital (Note 16) £000	Retained earnings £000	Total shareholders ' funds £000
<b>At 1 April 2024</b>	13	17,633	17,646
Profit and total comprehensive income for the financial year	-	380	380
<b>At 31 March 2025 and 1 April 2025</b>	<b>13</b>	<b>18,013</b>	<b>18,026</b>
Profit and total comprehensive income for the financial period	-	186	186
<b>At 31 December 2025</b>	<b>13</b>	<b>18,199</b>	<b>18,212</b>

The above 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

ENW Finance Plc ("the Company"), registered company number 06845434, is a public company limited by shares, incorporated and domiciled in the United Kingdom. The registered address of the Company is: Electricity North West, Borron Street, Stockport, England, SK1 2JD.

On 10 October 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. All values are stated in thousand pounds (£000) unless otherwise indicated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 '*Reduced Disclosure Framework*' ("FRS 101"). The financial statements have been prepared on the historical cost basis, as modified by derivative financial instruments measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company has adopted FRS 101 on the basis that it meets the definition of a qualifying entity under FRS 100 '*Application of Financial Reporting Requirements*' and the financial statements have, therefore, been prepared in accordance with FRS 101, as issued by the Financial Reporting Council.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, '*Financial instruments: Disclosures*';
- Paragraphs 91 to 99 of IFRS 13, '*Fair value measurement*' of valuation techniques and inputs used for fair value measurement of assets and liabilities;
- The following paragraphs of IAS 1, '*Presentation of financial statements*': 10(d) statement of cash flows; 16 statement of compliance with all IFRS; 38B-D additional comparative information; 111 statement of cash flows information; and 134-136 capital management disclosures;
- IAS 7, '*Statement of cash flows*';
- Paragraphs 30 and 31 of IAS 8, '*Accounting policies, changes in accounting estimates and errors*' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements in IAS 24, '*Related party disclosures*', to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures are given in the consolidated financial statements of North West Electricity Networks plc, the smallest group in which the current period results of the Company are consolidated; those consolidated financial statements are available to the public and can be obtained as set out in Note 17.

All Company operations arise from its activities as a financing company in the North West of England. Accordingly, only one operating and geographic segment is reviewed by management.

**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 directors have performed a going concern assessment which indicated that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements, the going concern assessment period.

The principal activity of the Company is as a financing company within the group headed by ENW(H); the key trading subsidiary in the ENW(H) group is Electricity North West Limited ("ENWL"). The Company's cash flows are therefore dependent on the continuation of those operations and have been considered as part of the ENW(H)'s cash flow forecasts, on which the directors of the ENW(H) group have performed an assessment of reasonably possible downsides.

Cash and liquidity are managed centrally by the ENW(H) group treasury function, in conjunction with the ScottishPower and Iberdrola treasury functions. The Company has a letter of support from Scottish Power UK plc ("SPUK") through to at least 30 June 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.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

**Adoption of new and amended standards**

There are no new or amended standards effective for the current period that impact the Company.

**2 JUDGEMENTS AND ESTIMATES**

In preparing these financial statements, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of the Company'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.

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

**Non-significant judgements**

Management has considered a non-significant judgement relating to climate change. This consideration focussed on the Company's going concern position. No material impact on the judgements and estimates made in the preparation of the 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.

**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.

**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 Company 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 and loss, are recognised immediately in profit and loss.

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3 MATERIAL ACCOUNTING POLICIES (continued)****Financial assets****Classification**

The classification of financial assets depends on the Company'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:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

The Company 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.

**Impairment of financial assets***a) Measurement of ECLs*

At each reporting date, the Company recognises an allowance for ECLs for all debt instruments not classified as FVTPL. ECLs are a probability-weighted estimate of credit losses. The Company 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 Company's historical credit loss experience, adjusted for, where possible, forward-looking factors specific to the debtors and the economic environment in which they operate.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3 MATERIAL ACCOUNTING POLICIES (continued)**

For all other financial instruments, the Company 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 Company 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 Company 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 Company 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 Company assumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company considers that default has occurred when a financial asset is more than 90 days past due, unless the Company 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.

**Derecognition**

The Company 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3 MATERIAL ACCOUNTING POLICIES (continued)****Derivative financial instruments and hedge accounting**

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

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

**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.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank 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 and which are subject to an insignificant risk of change in value.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****4 OPERATING RESULT**

Audit fees payable to the Company's auditor and its associates for the audit of the financial statements for the period ended 31 December 2025 of £39k (Mar 2025: £65k) were borne by another company in the ENW(H) group and have not been recharged. Total non-audit fees payable to the Company's auditor and its associates were £nil (Mar 2025: £nil).

**5 DIRECTORS AND EMPLOYEES**

The Company had no employees during the period (Mar 2025: none).

The Company's key management personnel comprise solely of its directors. As these directors are remunerated for their work on other ENW(H) group companies, it has not been possible to apportion the remuneration specifically in respect of services to the Company. Of the 5 (Mar 2025: 5) directors who held office during the period, 5 (Mar 2025: 4) were remunerated by other ENW(H) group companies during the period.

The remuneration of the directors who provided qualifying services is set out in the table below:

	<b>9 months to Dec 2025 £000</b>	12 months to Mar 2025 £000
Short-term employee benefits	<b>1,496</b>	2,885
Other long-term incentive schemes	<b>100</b>	-
Post-employment benefits	<b>34</b>	-
Termination benefits	<b>1,398</b>	17
Share-based payments	<b>432</b>	-
<b>Emoluments solely in relation to services provided to the Group</b>	<b>3,460</b>	2,902
Additional amounts of bonuses in relation to the sale of the ENW(H) Group and continuing employment by the Group	-	2,050
<b>Total emoluments</b>	<b>3,460</b>	4,952

The aggregated emoluments of the highest paid director in the period to 31 December 2025 in respect of services to the ENW (H) group amounted to £1,593k (Mar 2025: £2,807k). 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.

	<b>9 months to Dec 2025 Number</b>	12 months to Mar 2025 Number
Number of directors who exercised share options	<b>1</b>	-
Number of directors who received shares under a LTIP scheme	<b>1</b>	-
Number of directors accruing retirement benefits under a defined benefit scheme	<b>1</b>	-
Number of directors accruing retirement benefits under a defined contribution scheme	<b>1</b>	-

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)

## 6 FINANCE INCOME

	9 months to Dec 2025 £000	12 months to Mar 2025 £000
Interest from short-term bank deposits at amortised cost	3	3
Interest from parent company on loan at amortised cost	372	496
Interest from group company on loan at amortised cost	18,948	25,261
Interest from group company on hybrid loan asset at FVTPL <sup>1</sup>	2,116	2,359
<b>Total finance income</b>	<b>21,439</b>	<b>28,119</b>

<sup>1</sup> There have been Enil (Mar 2025: £nil) accretion receipts on the hybrid loan asset in the period; these are scheduled five-yearly and seven-yearly, with the next payment due in July 2027.

## 7 FINANCE COSTS

	9 months to Dec 2025 £000	12 months to Mar 2025 £000
<b>Finance expenses (excluding unrealised fair value movements):</b>		
On borrowings held at amortised cost	18,941	25,257
Net interest settlements on inter-company derivative liability	2,116	2,359
Impairment of inter-company loan	33	(135)
Reimbursement of inter-company loan impairment	(33)	135
	<b>21,057</b>	<b>27,616</b>
<b>Unrealised fair value movements on financial instruments<sup>1</sup>:</b>		
Inter-company hybrid loan asset (Note 14)	(19,511)	24,966
Inter-company derivative liability (Note 14)	19,511	(24,966)
	-	-
<b>Total finance costs</b>	<b>21,057</b>	<b>27,616</b>

<sup>1</sup> Details on the valuation techniques used to derive the fair values can be found in Note 14.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****8 INCOME TAX**

	<b>9 months to Dec 2025 £000</b>	12 months to Mar 2025 £000
<b>Current tax:</b>		
Current period	<b>370</b>	494
Adjustment in respect of prior year	-	(30)
	<b>370</b>	464
<b>Deferred tax (Note 15):</b>		
Current period	<b>(179)</b>	(179)
Adjustment in respect of prior year	-	(163)
	<b>(179)</b>	(342)
<b>Income tax expense</b>	<b>191</b>	122

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 Company.

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

	<b>9 months to Dec 2025 £000</b>	12 months to Mar 2025 £000
<b>Profit before income tax</b>	<b>377</b>	502
Tax at the UK corporation tax rate of 25% (Mar 2025: 25%)	<b>94</b>	125
Non-taxable expense	<b>97</b>	190
Adjustment in respect of prior year	-	(193)
<b>Income tax expense</b>	<b>191</b>	122

**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.

ENW (H) 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)

## 9 LOANS TO GROUP UNDERTAKINGS

	At Dec 2025	At Mar 2025
	£000	£000
Loan to parent company at amortised cost <sup>1</sup>	20,500	20,500
Impairment of loan	(12)	(17)
Loan to group company at amortised cost <sup>2</sup>	299,623	299,560
Impairment of loan	(121)	(104)
Loan to group company at amortised cost <sup>3</sup>	424,180	424,091
Impairment of loan	(165)	(143)
Hybrid loan asset to group company at FVTPL (Note 14) <sup>4</sup>	211,692	192,181
<b>Loans to group undertakings</b>	<b>955,697</b>	<b>936,068</b>

<sup>1</sup>In July 2009, the Company lent £20.5m to the immediate parent company, North West Electricity Networks plc; this loan is due for repayment in July 2030. At 31 December 2025, interest receivable on this loan was £372k (Mar 2025: £496k) (Note 6). This represents an effective interest rate of 1.82% (Mar 2025: 2.42%).

<sup>2</sup>In July 2020, the Company lent Electricity North West Limited ("ENWL") £299.2m net proceeds of the £300m 1.415% fixed rate bond maturing in 2030, on terms aligned to the terms of the external bond (Note 13). This inter-company loan is measured at amortised cost and is due for repayment in 2030.

<sup>3</sup>In January 2023, the Company lent ENWL £423.8m net proceeds of the £425m 4.893% fixed rate bond maturing in 2032, on terms aligned to the terms of the external bond (see Note 13). This inter-company loan is measured at amortised cost and is due for repayment in 2032.

<sup>4</sup>In July 2009, the Company lent ENWL £198.2m net proceeds of an external £200m 6.125% fixed rate bond, on terms aligned to both the terms of that bond and an associated inter-company derivative, which formed a hybrid loan asset. The inter-company derivative and, therefore, the hybrid loan asset mature in 2038. The entire hybrid loan asset is required to be measured at fair value through profit or loss. Following the repayment of the external bond in 2021, the remaining cash flows of the hybrid loan asset are equal and opposite to the inter-company derivative and, therefore, the fair value of the hybrid loan asset is equal and opposite to the fair value of the inter-company derivative liability (see Note 14).

## Impairment

Financial assets measured at amortised cost are subject to impairment testing. The credit risk of the inter-company loans at amortised cost has been assessed as low. Accordingly, any loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). In determining the ECL for these assets, the directors have taken into account the historical default experience, the financial position of the counterparty, and the future prospects of the industry, as appropriate, in estimating the probability of default and loss upon default.

In accordance with provisions within the inter-company loan agreements, the Company has requested the reimbursement of the impairment charges (Note 10). No impairment assessment is required for financial assets held at FVTPL.

## 10 AMOUNTS OWED BY GROUP UNDERTAKINGS

	At Dec 2025	At Mar 2025
	£000	£000
Accrued interest due from parent company	7,210	6,837
Accrued interest due from group company	3,937	10,200
Reimbursement of inter-company loan impairment due from parent company	12	17
Reimbursement of inter-company loan impairment due from group company	286	247
<b>Amounts owed by group undertakings</b>	<b>11,445</b>	<b>17,301</b>

For more information on the inter-company loans see Note 9.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11 TRADE AND OTHER PAYABLES**

	<b>At Dec 2025</b>	At Mar 2025
	<b>£000</b>	£000
Trade and other payables	<b>3,914</b>	10,171

Trade and other payables relate to accrued interest on the external debt.

**12 AMOUNTS OWED TO PARENT UNDERTAKING**

	<b>At Dec 2025</b>	At Mar 2025
	<b>£000</b>	£000
Amounts owed to parent undertaking	<b>7,543</b>	7,174

Amounts owed to parent undertaking relate to amounts owed to North West Electricity Networks plc, for group tax relief and are interest free and repayable on demand.

**13 BORROWINGS**

This note provides information about the contractual terms of the Company's borrowings.

	<b>At Dec 2025</b>	At Mar 2025
	<b>£000</b>	£000
£300m 1.415% 2030 bond	<b>299,623</b>	299,560
£425m 4.893% 2032 bond	<b>424,180</b>	424,091
<b>Borrowings</b>	<b>723,803</b>	723,651

All borrowings were measured at amortised cost and guaranteed by Electricity North West Limited ("ENWL"). The net proceeds of these borrowings were on-lent to ENWL (see Note 9).

**Borrowing facilities**

At 31 March 2025 and 31 December 2025, the Company had no unutilised committed bank facilities, nor was there a formal bank overdraft facility in place.

**14 FINANCIAL INSTRUMENTS****Categories of financial instruments at FVTPL**

	<b>At Dec 2025</b>	At Mar 2025
	<b>£000</b>	£000
Inter-company hybrid loan asset at FVTPL (Note 9)	<b>211,692</b>	192,181
Inter-company derivative financial liability	<b>(211,692)</b>	(192,181)

At 31 December 2025, the Company had an inter-company derivative liability with Electricity North West Limited ("ENWL"), and an equal, but opposite, inter-company hybrid loan asset also with ENWL (see Note 9). Under the inter-company derivative, the Company receives SONIA plus 27.66bp and pays 3.577% + RPI, until 2038 on a notional amount of £200m, and makes the equal and opposite cash flows under the inter-company hybrid loan asset.

For cash and cash equivalents, trade and other receivables and trade and other payables the book values approximate to the fair values because of their short-term nature.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****14 FINANCIAL INSTRUMENTS (continued)****Fair values**

All of the fair value measurements recognised in the statement of financial position occur on a recurring basis.

As quoted market prices (Level 1 inputs) are 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, 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 Company, 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 Company, or ENW(H) group, at commonly quoted intervals or otherwise interpolated for substantially the full term of the instruments. The credit risk profile of the Company, and that of the other entities in the ENW(H) 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 ENW(H) 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 Company's credit risk, and that of the other entities in the ENW(H) group, were changed to use the ScottishPower CDS curve, which meets the criteria for Level 2. The impact of this has been the transfer from Level 3 to Level 2 of all instruments at fair value.

On entering certain derivatives in previous years, the valuation technique used resulted in a fair value gain on the hybrid asset and a fair value loss on the derivative liability. As this was neither evidenced by a quoted price nor based on a valuation technique using only data from observable markets, this gain and loss on initial recognition were not recognised. This was supported by the transaction price of £nil. The differences represent other XVAs not captured by the valuation technique and are being recognised in the statement of profit or loss on a straight-line basis over the life of the instruments, 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. This element of the valuation is deemed to be a Level 3 input.

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

At 31 March 2025, both the hybrid loan asset and derivative liability were classed as Level 3; at 31 December 2025, both were classed as Level 2.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****14 FINANCIAL INSTRUMENTS (continued)**

The following table provides an analysis of the component parts of the fair values of the hybrid loan asset and derivative liability.

	At Dec 2025 £000	At Mar 2025 £000
FV of inter-company hybrid loan asset pre IFRS 13 adjustment	240,140	244,760
BCVA adjustment	(11,622)	(34,743)
Other XVA adjustment	(16,826)	(17,836)
<b>IFRS 13 FV of inter-company hybrid loan asset (Note 9)</b>	<b>211,692</b>	<b>192,181</b>
FV of inter-company derivative liability pre IFRS 13 adjustment	(240,140)	(244,760)
BCVA adjustment	11,622	34,743
Other XVA adjustment	16,826	17,836
<b>IFRS 13 FV of inter-company derivative liability</b>	<b>(211,692)</b>	<b>(192,181)</b>

The sensitivity of the fair values of the inter-company hybrid loan asset and the inter-company derivative liability to the Level 3 inputs, is equal and opposite on each instrument and the impact, therefore nets to £nil.

Profit for the period has been derived after charging/(crediting) the following fair value movements:

	9 months to Dec 2025 £000	12 months to Mar 2025 £000
Inter-company hybrid loan asset at FVTPL (Note 7)	(19,511)	24,966
Inter-company derivative liability (Note 7)	19,511	(24,966)
<b>Net charge to statement of profit or loss</b>	<b>-</b>	<b>-</b>

**Financial risk management**

Information on the ENW(H) group's financial risk management policies, which are applied to the Company, can be found in the NWEN plc consolidated financial statements.

**15 DEFERRED TAX**

The following table shows the deferred tax liabilities recognised by the Company, and the movements thereon, during the current period and prior year.

	At Dec 2025 £000	At Mar 2025 £000
At 1 April	2,324	2,666
Credited to profit or loss (Note B)	(179)	(342)
<b>At December</b>	<b>2,145</b>	<b>2,324</b>

The deferred tax arises on certain financial instruments, primarily those held at FVTPL.

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 in either the current period or prior year.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****16 CALLED UP SHARE CAPITAL**

	<b>At Dec 2025 £000</b>	<b>At Mar 2025 £000</b>
<b>Authorised:</b>		
50,000 ordinary shares of £1 each (Mar 2025: 50,000)	<b>50</b>	<b>50</b>
<b>Allotted, called up and fully paid:</b>		
50,000 ordinary shares of £1 each, of which £0.25 has been called up and paid (Mar 2025: 50,000)	<b>13</b>	<b>13</b>

**17 PARENT, ULTIMATE PARENT AND CONTROLLING PARTY**

The immediate parent undertaking is NWEN plc.

The smallest group in which the results of the Company are consolidated is that headed by NWEN plc, a company incorporated and registered in the United Kingdom; those consolidated financial statements can be obtained from the registered office of NWEN plc: Borron Street, Stockport, Cheshire, SK1 2JD.

The largest group in which the 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 address 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.

**18 CONTRACTUAL COMMITMENTS**

At 31 March 2025 and 31 December 2025, there were no commitments contracted for but not recognised as liabilities in the financial statements.