

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

(formerly NORTH WEST ELECTRICITY NETWORKS (JERSEY) LIMITED)

Annual Report and Consolidated Financial Statements

for the 9 month period ended 31 December 2025

Registered No. 99259

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Cautionary statement regarding forward-looking statements

Some of the statements contained herein are forward-looking statements about Electricity North West (Holdings) Limited ("the Company") and its subsidiaries (together referred to as "the Group"), and the ultimate parent Iberdrola, S.A.'s strategic plans. Although Electricity North West (Holdings) 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.

Website and investor relations

The key trading company in the Group is Electricity North West Limited, the website of which, www.enwl.co.uk, gives additional information on the Group. Notwithstanding the references we make in this Annual Report to Electricity North West Limited's 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'.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

DIRECTORS' REPORT

The directors present their Annual Report and Consolidated Financial Statements of Electricity North West (Holdings) Limited, registered company number 99259, ("the Company") 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 registered in Jersey under Companies (Jersey) Law 1991. The Company is domiciled in the UK.

The Company's registered address is 44 Esplanade, St Helier, Jersey, Channel Islands, JE4 9WG. The trading address for the Group is Borrton Street, Stockport, England, SK1 2JD.

The Company has been UK tax resident since incorporation in 2007. The Group does not gain any tax advantage from this structure and is subject to UK corporation tax and VAT.

On 21 December 2025, the Company changed its name from North West Electricity Networks (Jersey) Limited to Electricity North West (Holdings) Limited.

In the prior year, Scottish Power Energy Networks Holdings Limited ("SPENH") acquired 88% of the shares of the Company, 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.

Directors

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

Keith Anderson	Non-executive director
Charles Langan	Non-executive director
Masahide Yamada (resigned 2 July 2025)	Non-executive director
Tetsuo Onaru (appointed 2 July 2025)	Non-executive director

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.

DIRECTORS' REPORT (continued)

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.

Jersey company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and parent Company, cash flows of the Group and parent Company for that year, and the profit or loss of the Group for that year. Under that law they have elected to prepare the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and applicable law.

In preparing the consolidated 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;
- for the consolidated financial statements, state whether they have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board;
- assess the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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 the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the dissemination of financial statements. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

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



Charles Langan

Director

31 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICITY NORTH WEST (HOLDINGS) LIMITED**Opinion**

We have audited the consolidated financial statements of Electricity North West (Holdings) Limited ("the Company") for the period ended 31 December 2025 which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and parent Company statements of financial position, the consolidated statement of changes in equity, the parent Company statement of changes in equity, the consolidated and parent Company statements of cash flows and the related notes, including the accounting policies in note 3.

In our opinion the consolidated financial statements:

- give a true and fair view, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, of the state of the Group's and the parent Company's affairs as at 31 December 2025, the Group's profit and the Group's and the parent Company's cash flows for the period then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

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 have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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 Company or to cease their operations, and as they have concluded that the Group's and 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 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").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and the Company's business model and analysed how those risks might affect the Group's and the Company's financial resources or ability to continue operations over the going concern period.

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; and
- 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 or the Company's ability to continue as a going concern for the going concern period.

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 (HOLDINGS) LIMITED (continued)

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.
- 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. 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, for example, for the assumptions in the pension obligation. 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.

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.

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

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: 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.

Other information

The Directors are responsible for the other information presented in the Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or 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.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company's accounts are not in agreement with the accounting records and returns; 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 ELECTRICITY NORTH WEST (HOLDINGS) LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of financial statements which 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's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

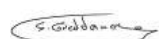
Auditor's responsibilities

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.

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 Article 113A of the Companies (Jersey) Law 1991. 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

for and on behalf of KPMG LLP

Chartered Accountants

Chartered Accountants

319 St. Vincent Street

31 March 2026

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 9 month period ended 31 December 2025

		9 months to Dec 2025 £m	*Restated 12 months to Mar 2025 £m
	Notes		
Revenue	4	542.8	674.4
Employee costs	5,6	(62.4)	(91.0)
Depreciation and amortisation expense	5	(157.0)	(158.5)
Other operating costs	5	(111.3)	(157.2)
Total operating costs		(330.7)	(406.7)
Operating profit	5	212.1	267.7
Finance income	8	5.6	9.5
Finance costs	9	(123.7)	(87.2)
Share of profit from joint venture	14	0.9	-
Profit before income tax		94.9	190.0
Income tax expense	10	(23.9)	(52.3)
Profit for the period		71.0	137.7
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefit scheme	25	(21.1)	14.1
Deferred tax on remeasurement of retirement benefit scheme	27	5.3	(3.5)
Other comprehensive (expense)/income for the period		(15.8)	10.6
Total comprehensive income for the period		55.2	148.3

*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.

As permitted by article 105 (11) of the Companies (Jersey) Law 1991, the Company has not presented its own statement of profit or loss and other comprehensive income. The profit after tax for the Company for the period ended 31 December 2025 was £19.7m (Mar 2025: £11.6m profit). Of this, £nil (Mar 2025: £nil) relates to dividends received from subsidiary undertakings.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As 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	4,173.7	-	4,009.7	-
Right-of-use assets ¹	12	13.6	-	14.5	-
Intangible assets and goodwill	13	245.6	-	240.0	-
Investment in subsidiaries	14	-	87.6	-	87.6
Investment in joint venture	14	36.7	-	35.8	-
Loans to group undertakings	15	-	575.1	-	585.9
Derivative assets	22	50.4	-	43.8	-
Retirement benefit surplus	25	39.3	-	56.1	-
		4,559.3	662.7	4,399.9	673.5
CURRENT ASSETS					
Inventories	16	75.7	-	56.8	-
Trade and other receivables	17	115.7	2.1	104.0	11.7
Current income tax asset		-	-	7.8	-
Cash and cash equivalents	18	155.1	1.5	183.1	4.9
Money market deposits over 3 months	19	-	-	35.3	-
		346.5	3.6	387.0	16.6
TOTAL ASSETS		4,905.8	666.3	4,786.9	690.1

*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.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION**(continued)**

As at 31 December 2025

	Notes	Group Dec 2025 £m	Company Dec 2025 £m	*Restated Group Mar 2025 £m	*Restated Company Mar 2025 £m
CURRENT LIABILITIES					
Trade and other payables	20	(238.6)	(0.3)	(212.1)	(4.3)
Current income tax liability		(4.7)	(3.1)	-	(2.8)
Borrowings	21	(461.1)	-	(465.8)	-
Lease liabilities ²	12	(2.6)	-	(4.1)	-
Customer contributions	26	(71.5)	-	(67.1)	-
Provisions	28	(1.1)	-	(2.5)	-
Deferred consideration	14	(9.8)	-	(9.7)	-
		(789.4)	(3.4)	(761.3)	(7.1)
NON-CURRENT LIABILITIES					
Borrowings	21	(1,631.3)	-	(1,611.7)	-
Lease liabilities ²	12	(13.9)	-	(13.6)	-
Derivative liabilities	22	(365.7)	-	(332.1)	-
Customer contributions	26	(552.6)	-	(526.5)	-
Deferred tax	27	(419.0)	-	(415.1)	-
Provisions	28	(2.0)	-	(1.1)	-
Deferred consideration	14	(7.8)	-	(16.8)	-
		(2,992.3)	-	(2,916.9)	-
TOTAL LIABILITIES		(3,781.7)	(3.4)	(3,678.2)	(7.1)
NET ASSETS		1,124.1	662.9	1,108.7	683.0
EQUITY					
Stated capital	29	580.4	580.4	580.4	580.4
Preference share capital	30	391.6	391.6	391.6	391.6
Retained earnings/(accumulated losses)		152.1	(309.1)	136.7	(289.0)
		1,124.1	662.9	1,108.7	683.0

*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:



Charles Langan
Director

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 9 month period ended 31 December 2025

	Stated capital (Note 29) £m	Preference share Capital (Note 30) £m	Retained earnings £m	Total equity £m
At 1 April 2024	245.0	327.0	19.6	591.6
*Restatement for changes in policy	-	-	(3.5)	(3.5)
*Restated at 1 April 2024	245.0	327.0	16.1	588.1
Profit for the financial year	-	-	137.7	137.7
Other comprehensive income for the financial year	-	-	10.6	10.6
Total comprehensive income for the financial year	-	-	148.3	148.3
Ordinary shares issued (Note 29)	335.4	-	-	335.4
Preference share issued (Note 30)	-	64.6	-	64.6
Dividends (Notes 32 & 34)	-	-	(27.7)	(27.7)
At 31 March 2025	580.4	391.6	136.7	1,108.7
At 1 April 2025	580.4	391.6	136.7	1,108.7
Profit for the financial period	-	-	71.0	71.0
Other comprehensive income for the financial period	-	-	(15.8)	(15.8)
Total comprehensive income for the financial period	-	-	55.2	55.2
Dividends (Notes 32 & 34)	-	-	(39.8)	(39.8)
At 31 December 2025	580.4	391.6	152.1	1,124.1

*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.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the 9 month period ended 31 December 2025

	Stated capital (Note 29) £m	Preference share capital (Note 30) £m	Accumulated losses £m	Total equity £m
At 1 April 2024	245.0	327.0	(272.9)	299.1
Profit for the financial year	-	-	11.6	11.6
Total comprehensive income for the financial year	-	-	11.6	11.6
Ordinary shares issued (Note 29)	335.4	-	-	335.4
Preference share issued (Note 30)	-	64.6	-	64.6
Dividends (Notes 32 & 34)	-	-	(27.7)	(27.7)
At 31 March 2025 and 1 April 2025	580.4	391.6	(289.0)	683.0
Profit for the financial period	-	-	19.7	19.7
Total comprehensive income for the financial period	-	-	19.7	19.7
Dividends (Notes 32 & 34)	-	-	(39.8)	(39.8)
At 31 December 2025	580.4	391.6	(309.1)	662.9

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

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the 9 month period ended 31 December 2025

		Group	Company	*Restated	*Restated
		9 months to	9 months to	Group	Company
		Dec 2025	Dec 2025	12 months to	12 months to
				Mar 2025	Mar 2025
	Notes	£m	£m	£m	£m
Operating activities					
Cash generated from operations	36	319.6	(3.8)	412.9	(3.1)
Customer contributions received	26	40.0	-	37.5	-
Interest paid		(60.8)	(0.5)	(114.4)	-
Interest portion of lease liabilities	9	(1.2)	-	(1.7)	-
Income taxes paid		(2.0)	(4.2)	(16.8)	(7.3)
Net cash generated from/(used in) operating activities		295.6	(8.5)	317.5	(10.4)
Investing activities					
Increase in loan to subsidiary ¹		-	-	-	(399.0)
Repayment of loan to subsidiary ¹		-	17.0	-	34.1
Interest received and similar income		6.4	27.9	9.4	7.4
Transfer from/(to) money market deposits over 3 months		35.3	-	(18.6)	-
Investment in joint venture		(10.0)	-	(10.0)	-
Purchase of property, plant and equipment		(305.8)	-	(356.4)	-
Purchase of intangible assets		(15.5)	-	(15.3)	-
Proceeds from sale of property, plant and equipment		0.4	-	0.5	-
Net cash (used in)/generated from investing activities		(289.2)	44.9	(390.4)	(357.5)
Net cash flow before financing activities		6.4	36.4	(72.9)	(367.9)
Financing activities					
Issue of ordinary shares	29	-	-	335.4	335.4
Issue of preference shares	30	-	-	64.6	64.6
Proceeds from external borrowings	21	-	-	1.0	-
Repayment of external borrowings	21	(4.8)	-	(340.3)	-
Repayment of lease liabilities	36	(2.5)	-	(2.6)	-
Movement in cash collateral held		12.7	-	19.8	-
Dividends paid	32,34	(39.8)	(39.8)	(27.7)	(27.7)
Net cash (used in)/ generated from financing activities		(34.4)	(39.8)	50.2	372.3
Net (decrease)/increase in cash and cash equivalents		(28.0)	(3.4)	(22.7)	4.4
Cash and cash equivalents at start of period	18	183.1	4.9	205.8	0.5
Cash and cash equivalents at end of period	18	155.1	1.5	183.1	4.9

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

¹ In the prior year, the amounts in relation to loans to subsidiary were presented as a financing activity. As these relate to financial assets, these should have been presented as an investing activity. The comparative information has been restated accordingly.

The above consolidated and company statements of cash flows 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 (Holdings) Limited ("the Company"), registered company number 99259, is a private company limited by shares, incorporated and registered in Jersey under Companies (Jersey) Law 1991. The Company is domiciled in the United Kingdom. The registered address of the Company is: 44 Esplanade, St Helier, Jersey, Channel Islands, JE4 9WG.

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.

On 21 December 2025, the Company changed its name from North West Electricity Networks (Jersey) Limited to Electricity North West (Holdings) Limited.

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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with the requirements of the Companies (Jersey) Law 1991 as applicable to companies reporting under those standards.

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

The directors have taken advantage of the exemption available under article 105 (11) of the Companies (Jersey) Law 1991 and not presented a statement of profit or loss and other comprehensive income for the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1 BASIS OF PREPARATION (continued)****Basis of consolidation**

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

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 incurred 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method.

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee. Dividends received from joint venture are recognised as a reduction in the carrying amount of the investment.

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 Group 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 contracts, 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 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	4.9	105.5	(1.9)	(3.2)	19.6
Impact	8.7	(1.2)	(2.0)	(10.1)	*(3.5)
Restated	13.6	104.3	(3.9)	(13.3)	16.1
At 31 March 2025:					
Previously reported	6.1	105.2	(2.1)	(3.8)	140.2
Impact	8.4	(1.2)	(2.0)	(9.8)	*(3.5)
Restated	14.5	104.0	(4.1)	(13.6)	136.7

*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	(157.9)	(159.2)	(85.8)
Impact	(0.6)	2.0	(1.4)
Restated	(158.5)	(157.2)	(87.2)

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 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.

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, 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, 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.

Going concern

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

- Electricity North West Limited's ('ENWL'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 21) and that there are sufficient financial resources available to the Group within the forecast period. The 'net debt to regulated asset value ("RAV") gearing' and 'adjusted interest cover' are the key financial covenants assessed by external lenders. At December 2026, the net debt to RAV gearing is forecast to be 6-11 percentage points below gearing lock-up levels at each of the Group's financing levels, with the tightest being the ENWL gearing level of 58.6% against the 65% lock-up level, representing £223m headroom. At December 2026, the adjusted interest cover is forecast to be 2.0 times cover, above the lock-up level of 1.1 times cover.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1 BASIS OF PREPARATION (continued)****Going concern (continued)**

- 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 Group's normal operating cash flows, cash and cash equivalents and a £650m inter-company loan to ENWL 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 Group. The maturity of this intercompany 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 utilised before the expiry of the utilisation period. In addition, the Group has a £250.0m committed undrawn borrowing facility, in the form of a revolving credit facility ("RCF") in ENWL 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 ENWL were repaid at par on maturity. The Group 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1 BASIS OF PREPARATION (continued)****Adoption of new and amended standards**

In preparing these financial statements, the Group and Company have applied all relevant standards and interpretations 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 *'Classification and Measurement of Financial Instruments'*, 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. 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.

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 25. 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 Group 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 Group 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 Group 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 Group 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) Connections revenue

Connections revenue includes contract revenue for diversions and disconnections from the network and is recognised by reference to the proportion of total costs of providing the service. The performance obligation relates to completion of work per the terms of the contract. Consideration received in advance of recognising the associated revenue from customers is recorded within contract liabilities (deferred income). Customer contributions are treated as non-refundable once certain milestones have been met. Any assets constructed in order to deliver the service are capitalised and depreciated over their useful life.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3 MATERIAL ACCOUNTING POLICIES (continued)****Revenue Recognition (continued)****(d) 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 Group creates a bespoke asset for which they have no alternative use other than to provide electricity to the customer's premises. The Group has an enforceable right to payment for the performance completed to date.

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.

(e) 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 Group's operating companies 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 profits (temporary differences) 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.

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

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 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.

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 and other intangible assets with an indefinite useful life

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 any accumulated impairment losses. It is not amortised but reviewed for impairment at least annually and whenever there is an indication of impairment.

Other intangible assets that have indefinite useful economic lives (such as licences to distribute electricity) are not amortised but tested for impairment annually, or whenever there is an indication of impairment. The useful life is reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3 MATERIAL ACCOUNTING POLICIES (continued)****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 useful economic lives 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. 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 useful economic lives 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 uses 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 recognises 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.

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

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, 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 is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to do so.

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 changes 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.

The Group has not 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 recognises 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.

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 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 benefits**

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)

Investments 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3 MATERIAL ACCOUNTING POLICIES (continued)****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 FVTPL, are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group 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:

- 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 Group has no financial assets at FVTOCI.

All other financial assets are measured at FVTPL.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**3 MATERIAL ACCOUNTING POLICIES (continued)****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 all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price, net of estimated costs of selling.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**4 REVENUE**

Group	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Revenue	542.8	674.4

Group 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 revenue either this period or in the prior year.

In the current period, £9.4m (Mar 2025: £13.9m) of customer contributions have been amortised through revenue in line with IFRS 15 '*Revenue from Contracts with Customers*' (Note 26).

Of the revenue recognised in the period, £12.5m (Mar 2025: £9.0m) was included in the contract liability at the beginning of the period (Note 20).

Included within the total revenue above, £25.0m (Mar 2025: £29.5m) relates to Electricity North West (Construction and Maintenance) Limited. This includes £20.8m (Mar 2025: £24.7m) from construction contracts. Revenue in relation to levies is considered immaterial and, as such, not presented separately above.

5 OPERATING PROFIT

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

Group	9 months to Dec 2025 £m	*Restated 12 months to Mar 2025 £m
Employee costs (Note 6)	62.4	91.0
Depreciation and amortisation expense:		
Depreciation of property, plant and equipment (Notes 11 & 36)	144.9	141.5
Depreciation of right of use assets (Notes 12 & 36)	2.2	2.6
Amortisation of intangible assets (Notes 13 & 36)	9.9	14.4
	157.0	158.5
Supplier of Last Resort levy costs	0.5	0.8
Profit on disposal of property, plant and equipment	(0.2)	(0.5)
Research and development	1.7	2.4

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

¹These items are included in other operating costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 OPERATING PROFIT (continued)

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.

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

Group and Company	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Audit of the Group and Company financial statements ¹	0.1	0.1
Audit of the financial statements of subsidiaries ²	0.8	0.7
Audit-related assurance services	-	0.1
Total fees	0.9	0.9

¹ Fees payable for the Group and Company financial statements audit were £79,958 (Mar 2025: £65,552). The fees for the prior year included £20,400 of additional fees in relation to the reference period ended March 2024.

² Audit of the financial statements of subsidiaries for the prior year included £92,483 of additional fees in relation to the reference period ended March 2024.

Non-audit related services to the Group were £nil (Mar 2025: £17,172). There were no non-audit related services to the Company (Mar 2025: none).

6 EMPLOYEE COSTS

Group	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Wages and salaries	128.7	159.0
Social security costs	17.1	18.2
Pension costs – defined benefit schemes (Note 25)	4.0	7.5
Pension costs – defined contribution schemes (Note 25)	10.2	12.0
Total employee costs (including directors' remuneration)	160.0	196.7
Costs transferred directly to property, plant and equipment	(97.6)	(105.7)
Charged to operating costs	62.4	91.0

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

Group	9 months to Dec 2025 Number	12 months to Mar 2025 Number
Craft, technical and engineering	1,290	1,244
Administration	1,186	1,105
Average number of employees	2,476	2,349

During the period ended 31 December 2025 and year ended 31 March 2025, there were no employees in the Company.

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 other group companies	2	4
Non-remunerated directors	2	7
Total number of directors	4	11

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	1.2	0.8
Share-based payments	1.4	-
Emoluments solely in relation to services provided to the Group	2.6	0.8
Additional amounts of bonuses in relation to the sale of the ENW(H)		
Group and continuing employment by the Group	-	2.5
Total emoluments (Note 34)	2.6	3.3

As at 31 December 2025 and 31 March 2025, there were no amounts payable for post-employment benefits, termination benefits and other long-term benefits. The highest paid director had not exercised any share options in the current or prior period.

	9 months to Dec 2025 £m	12 months to Mar 2025 £m
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	-

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

8 FINANCE INCOME

Group	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Interest receivable on short-term bank deposits	5.6	9.5

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 FINANCE COSTS

Group	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 34)	0.8	-
Interest on external borrowings held at amortised cost	65.1	104.1
Net interest settlements on derivatives at fair value	9.1	1.9
Indexation of index-linked debt (Notes 21 & 36)	22.8	20.5
Interest on leases	1.2	1.7
Net interest income on pension plan (Note 25)	(2.5)	(2.1)
Amount capitalised ¹ (Note 9)	(0.8)	(2.1)
Unwind of discount on deferred consideration (Note 14)	1.1	0.7
	96.8	124.7
Fair value movements on financial instruments²:		
Derivative assets	(6.6)	(5.5)
Derivative liabilities	33.5	(29.4)
Cash settlement on close out of swap	-	(2.6)
	26.9	(37.5)
Total finance costs	123.7	87.2

*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 average total general borrowings outstanding during the period.

²Details on the valuation techniques used to derive the fair values can be found in Note 22.

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	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

Group	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Current tax:		
Current period	14.8	10.8
Adjustment in respect of prior period	(0.1)	(7.2)
	14.7	3.6
Deferred tax: (Note 27)		
Current period	10.0	40.3
Adjustments in respect of prior period	(0.8)	8.4
	9.2	48.7
Income tax expense	23.9	52.3

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:

Group	9 months to Dec 2025 £m	12 months to Mar 2025 £m
Profit before income tax	94.9	190.0
Tax at the UK corporation tax rate of 25% (Mar 2025: 25%)	23.7	47.5
Non-taxable expense	2.7	5.8
Adjustments in respect of prior year	(0.9)	1.2
Release of non-qualifying capital items and other timing differences	(1.6)	(2.1)
Release of provision	-	(0.1)
Income tax expense	23.9	52.3

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 INCOME TAX EXPENSE (continued)

The following tables represent enhanced disclosures adopted in order to assist stakeholder understanding of the Group's tax position and policies.

Group	9 months to Dec 2025 £m	9 months to Dec 2025 %	12 months to Mar 2025 £m	12 months to Mar 2025 %
Profit before tax	94.9		190.0	
Tax on profit on ordinary activities at standard UK corporation tax rate of 25% (Mar 2025: 25%)	23.7	25.0	47.5	25.0
Tax effect of:				
Capital allowances less depreciation	(14.6)	(15.4)	(30.7)	(16.1)
General provisions movement	(0.2)	(0.2)	0.1	0.1
Fair value movements on derivatives	2.4	2.5	(12.7)	(6.7)
Pension movements	(1.1)	(1.2)	(1.0)	(0.5)
Relief for capitalised interest	(0.1)	(0.1)	-	-
Expenses not deductible for tax purposes	2.7	2.8	5.8	3.1
IFRS9 transitional adjustment	1.8	1.9	1.8	0.9
Other items	0.1	0.1	-	-
Adjustments to tax charge in respect of prior years	(0.1)	(0.1)	(7.2)	(3.8)
Reported current tax charge and effective rate	14.6	15.3	3.6	2.0
Depreciation in excess of capital allowances	14.6	15.4	30.7	16.1
Increase in provisions	0.2	0.2	(0.1)	(0.1)
Fair value movements on derivatives	(2.4)	(2.5)	12.7	6.7
Pension movements	1.1	1.2	1.0	0.5
Adjustment to tax charge in respect of prior years	(0.8)	(0.8)	8.4	4.4
IFRS9 transitional adjustment	(1.8)	(1.9)	(1.8)	(0.9)
IFRS3 consolidation adjustment	(1.6)	(1.7)	(2.0)	(1.1)
Other items	-	-	(0.2)	(0.1)
Reported deferred tax credit and effective rate	9.3	9.9	48.7	25.5
Group tax charge and effective rate	23.9	25.2	52.3	27.5

All Group companies are UK tax resident. The Group's profits are earned in the UK, with the standard rate of UK corporation tax being 25% for the period ended 31 December 2025 (Mar 2025: 25%).

Capital allowances are the mechanism for claiming tax relief on the expenditure the Group incurs on the acquisition of assets such as property, plant and equipment. The capital allowance rates which are applicable are set by Parliament in statute under UK tax law. The tax base of an asset is its acquisition cost less any capital allowances claimed.

This contrasts with the accounting treatment for such spending, where the expenditure on property, plant and equipment is treated as an asset with the cost being depreciated over the useful life of the asset, or impaired if the value of such assets is considered to have reduced materially. Accounting relief is available on any depreciation or impairment charges and the accounting base of an asset is therefore the acquisition cost less any depreciation or impairments.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**10 INCOME TAX EXPENSE (continued)**

Timing differences can therefore arise between tax and accounting relief with respect of property, plant and equipment and this can result in deferred tax being recognised on the balance sheet (equal to the difference between the tax base and accounting base of the relevant asset). Additionally, this will result in a difference in calculating the taxable income of the Group when compared to the accounting profit before tax reported in the financial statements.

Short-term temporary differences are on items such as general provisions and retirement benefit obligations, because the treatment of such items is different for tax and accounting purposes. These differences usually reverse in the year following that in which they arise, as is reflected in the deferred tax charge in these financial statements. Where interest charges or other costs are capitalised in the account, tax relief is either given as the charges are incurred or when the costs are taken to profit or loss.

The Group measures its derivatives at fair value under IFRS 13 '*Fair Value Measurement*'. As a result of the Group's subsidiaries applying the HMRC's '*Disregard Regulations*', the re-measurement movements have no current effect, impacting only the deferred tax position.

Profit and loss account summary (£m)	Revenue	Operating costs	Dividends received	Finance income	Finance costs	Share of profit from joint venture	Profit/(loss) before income tax	Income tax (expense)/credit	Profit/(loss) for the financial period
ENWL	526.0	(310.8)	-	3.5	(96.4)	-	122.3	(30.2)	92.1
ENW Finance plc	-	-	-	21.4	(21.1)	-	0.3	(0.2)	0.1
ENW Capital Finance plc	-	-	-	-	-	-	-	-	-
NWEN plc	-	(0.5)	19.0	5.0	(57.9)	-	(34.4)	10.2	(24.2)
NWEN Group Ltd	-	-	-	-	-	-	-	-	-
NWEN Finance plc	-	-	-	-	-	-	-	-	-
NWEN (Holdings) Ltd	-	(0.2)	-	28.5	(26.4)	-	1.9	-	1.9
NWEN (Finance) Ltd	-	-	-	26.4	(26.4)	-	-	-	-
ENW (C&M) Ltd	25.0	(20.8)	-	0.2	-	-	4.4	(1.3)	3.1
ENW Services Ltd	9.2	(8.4)	-	-	-	-	0.8	(0.4)	0.4
ENW Property Ltd	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
NWEN (UK) Ltd	-	(0.3)	5.0	26.6	(25.5)	0.9	6.7	0.8	7.5
ENW (Holdings) Ltd	-	0.2	-	24.5	(0.5)	-	24.2	(4.5)	19.7
Consolidation adjustment	(17.4)	10.2	(24.0)	(130.5)	130.5	-	(31.2)	1.7	(29.5)
ENW (Holdings) Group	542.8	(330.7)	-	5.6	(123.7)	0.9	94.9	(23.9)	71.0

Additional disclosures relating to number of employees and remuneration is provided in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 INCOME TAX EXPENSE (continued)

Taxation	Current tax charge/(credit) £m	Deferred tax charge/(credit) £m	Total tax charge/(credit) £m
ENW Ltd	19.6	10.6	30.2
ENW Finance plc	0.3	(0.1)	0.2
ENW Capital Finance plc	-	-	-
NWEN plc	(10.2)	-	(10.2)
NWEN Group Ltd	-	-	-
NWEN Finance plc	-	-	-
NWEN (Holdings) Ltd	-	-	-
NWEN (Finance) Ltd	-	-	-
ENW (C&M) Ltd	1.1	0.2	1.3
ENW Services Ltd	0.2	0.2	0.4
ENW Property Ltd	-	-	-
NWEN (UK) Ltd	(0.8)	-	(0.8)
ENW (Holdings) Ltd	4.5	-	4.5
Consolidation adjustment	(0.1)	(1.6)	(1.7)
Total tax charge	14.6	9.3	23.9

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.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**11 PROPERTY, PLANT AND EQUIPMENT**

Group	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 Apr 2024	5,723.7	40.3	245.6	145.3	6,154.9
Additions	229.2	0.7	18.3	111.4	359.6
Transfers	58.3	0.3	3.2	(61.8)	-
Disposals	(5.9)	0.0	(2.4)	0.0	(8.3)
At 31 Mar 2025 and 1 Apr 2025	6,005.3	41.3	264.7	194.9	6,506.2
Additions	176.3	0.6	18.1	114.0	309.0
Transfers	75.1	0.3	3.8	(79.2)	-
Disposals	(663.8)	(4.7)	(116.4)	-	(784.9)
At 31 Dec 2025	5,592.9	37.5	170.2	229.7	6,030.3
Accumulated depreciation:					
At 1 Apr 2024	2,173.4	15.6	174.3	-	2,363.3
Charge for the period	121.4	1.2	18.9	-	141.5
Disposals	(5.9)	-	(2.4)	-	(8.3)
At 31 Mar 2025 and 1 Apr 2025	2,288.9	16.8	190.8	-	2,496.5
Charge for the period	124.4	0.9	19.6	-	144.9
Disposals	(663.8)	(4.7)	(116.3)	-	(784.8)
At 31 Dec 2025	1,749.5	13.0	94.1	-	1,856.6
Net book value:					
At 31 Dec 2025	3,843.4	24.5	76.1	229.7	4,173.7
At 31 Mar 2025	3,716.4	24.5	73.9	194.9	4,009.7

(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 Group had entered into contractual commitments for the acquisition of property plant and equipment amounting to £81.4m (Mar 2025: £75.8m) (Note 35).

At 31 December 2025 and 31 March 2025, the Company did not have any property, plant and equipment, nor had it entered into any contractual commitments for the acquisition of property, plant and equipment.

Capital program

During the period ended 31 December 2025, the Group had cash outflow amounting to £305.8m (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 useful economic life ("UEL") 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 Group 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 Group 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 Group 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 Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Telecoms: The Group 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).

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**12 LEASES (continued)****Right-of-use assets**

Group	*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	5.1	0.2	26.6
Additions	0.3	1.5	1.7	-	3.5
Disposals	-	(0.9)	(1.1)	-	(2.0)
At 31 March 2025	17.9	4.3	5.7	0.2	28.1
Additions	0.4	-	0.8	-	1.2
Disposals	-	-	(1.0)	-	(1.0)
At 31 December 2025	18.3	4.3	5.5	0.2	28.3
Accumulated depreciation:					
At 1 April 2024 as restated	8.9	1.7	2.3	0.1	13.0
Charge for the period	0.6	0.3	1.7	-	2.6
Disposals	-	(0.8)	(1.2)	-	(2.0)
At 31 March 2025	9.5	1.2	2.8	0.1	13.6
Charge for the period	0.5	0.3	1.4	-	2.2
Disposals	-	-	(1.1)	-	(1.1)
At 31 December 2025	10.0	1.5	3.1	0.1	14.7
Net book value:					
At 31 December 2025	8.3	2.8	2.4	0.1	13.6
At 31 March 2025	8.4	3.1	2.9	0.1	14.5

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

At 31 December 2025 and 31 March 2025, the Company did not have any leases.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 LEASES (continued)

Lease liabilities

Group	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	(2.5)	(3.1)
Total	(16.5)	(17.7)

*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.

Details of the Group's risk management strategy for liquidity risks inherent in its lease liability are managed as follows. 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. Further details on the liquidity management are detailed in Note 24.

Analysis of total lease liabilities:

Group	Dec 2025 £m	*Restated Mar 2025 £m
Current	(2.6)	(4.1)
Non-current	(13.9)	(13.6)
	(16.5)	(17.7)

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

Maturity analysis of lease liabilities:

*Restated	<1 year	1 – 2	2 – 3	3–4	>4 years	Total
Group	£m	years £m	years £m	years £m	£m	£m
Lease liability	(4.1)	(3.5)	(2.7)	(1.8)	(10.3)	(22.4)
Finance cost	1.5	1.3	1.1	1.0	1.0	5.9
At 31 December 2025	(2.6)	(2.2)	(1.6)	(0.8)	(9.3)	(16.5)
Lease liability	(5.6)	(3.7)	(2.9)	(2.4)	(9.5)	(24.1)
Finance cost	1.5	1.5	1.3	1.1	1.0	6.4
At 31 March 2025	(4.1)	(2.2)	(1.6)	(1.3)	(8.5)	(17.7)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 INTANGIBLE ASSETS AND GOODWILL

Group	Goodwill ¹ £m	Licence ² £m	Customer list £m	Customer database £m	Computer software ³ £m	Assets under construction £m	Total £m
Cost or valuation:							
At 1 Apr 2024	10.1	186.9	0.7	0.1	155.1	9.1	362.0
Additions	-	-	-	-	5.5	9.8	15.3
Transfers	-	-	-	-	7.3	(7.3)	-
Disposals	-	-	-	-	(70.6)	-	(70.6)
At 31 Mar 2025 and 1 Apr 2025	10.1	186.9	0.7	0.1	97.3	11.6	306.7
Additions	-	-	-	-	3.5	12.0	15.5
Transfers	-	-	-	-	1.3	(1.3)	-
Disposals	-	-	(0.7)	-	(22.1)	-	(22.8)
At 31 Dec 2025	10.1	186.9	-	0.1	80.0	22.3	299.4
Accumulated depreciation:							
At 1 Apr 2024	-	-	0.7	-	122.2	-	122.9
Charge for the period	-	-	-	0.1	14.3	-	14.4
Disposals	-	-	-	-	(70.6)	-	(70.6)
At 31 Mar 2025 and 1 Apr 2025	-	-	0.7	0.1	65.9	-	66.7
Charge for the period	-	-	-	-	9.9	-	9.9
Disposals	-	-	(0.7)	-	(22.1)	-	(22.8)
At 31 Dec 2025	-	-	-	0.1	53.7	-	53.8
Net book value:							
At 31 Dec 2025	10.1	186.9	-	-	26.3	22.3	245.6
At 31 Mar 2025	10.1	186.9	-	-	31.4	11.6	240.0

¹ 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.

² The licence to distribute electricity held by the Group, identified as an intangible asset on the acquisition of Electricity North West Limited and measured at fair value at that date, is viewed as having an indefinite life as the directors believe the licence would only be revoked if there were a serious breach of the terms and conditions of the licence. The licence is held subject to 25 years notice in writing from the Authority to the licensee.

³ Included in the net book value of computer software is £3.9m (Mar 2025: £7.8m) 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 had entered into contractual commitments for the acquisition of software amounting to £5.8m (Mar 2025: £9.6m) (Note 35).

During the period, fully amortised intangible asset (specifically customer list) with a gross cost of £0.8m was retired from use as it no longer provided future economic benefits to the Group. As the net book value of these assets was zero, no gain or loss was recorded in the income statement.

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 11).

NOTES TO THE FINANCIAL STATEMENTS (continued)**13 INTANGIBLE ASSETS AND GOODWILL (continued)****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.

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 and £186.9m license are 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.
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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.
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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.
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Terminal growth rate: 2%	Consistent with market and inflation growth forecasts.
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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 and license 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.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**14 INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES**

	Group Dec 2025	Company Dec 2025	Group Mar 2025	Company Mar 2025
Cost and net book value	£m	£m	£m	£m
Investment in subsidiaries	-	87.6	-	87.6
Investment in joint venture	36.7	-	35.8	-

Investment in subsidiaries is stated at cost, including any capital contributions to subsidiaries, less any provisions for permanent diminution in value. The cost of investment in the Company relates wholly to the shareholding in the Company's direct subsidiaries. The cost of investment in the Group relates wholly to the shareholding in the joint venture. Investments in joint ventures are accounted for using the equity method.

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	Holding	Nature of business
Direct subsidiary			
North West Electricity Networks (UK) Limited	Ordinary shares of £1 each	100%	Holding company
Indirect subsidiaries			
Electricity North West (Construction and Maintenance) Limited	Ordinary shares of £1 each	100%	Construction, operation and maintenance of electricity network
Electricity North West Services Limited	Ordinary shares of £1 each	100%	Metering and ground maintenance activities
Electricity North West Property Limited	Ordinary shares of £1 each	100%	Intellectual property rights
Electricity North East (Construction and Maintenance) Limited	Ordinary shares of £1 each	100%	Dormant
CLASS Electricity Limited	Ordinary shares of £1 each	100%	Dormant
North West Electricity Networks (Finance) Limited	Ordinary shares of £1 each	100%	Holding company
North West Electricity Networks (Holdings) Limited	Ordinary shares of £1 each	100%	Holding company
NWEN Finance plc	Ordinary shares of £1 each	100%	Financing company
NWEN Group Limited	Ordinary shares of £1 each	100%	Holding company
North West Electricity Networks plc	Ordinary shares of £1 each	100%	Financing company
Electricity North West Limited	Ordinary shares of 50p each	100%	Energy distribution
ENW Capital Finance plc	Ordinary shares of £1 each	100%	Financing company
ENW Finance plc	Ordinary shares of £1 each	100%	Financing company
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
Joint venture			
Steel River Power Limited	Ordinary shares of £1 each	50%	Energy distribution

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES (continued)

The registered address of Steel River Power Limited is S R P House, Franklin Way, Middlesbrough, England, TS6 7RP. The registered address of all other investments is Borron Street, Stockport, Cheshire, SK1 2JD.

North West Electricity Networks (UK) Limited holds 50% of the share capital of Steel River Power Limited, and the consideration for the investment is to be paid in instalments, as summarised in the table below.

Group	Undiscounted consideration	Discounted consideration		Unwind of discount (Note 9)
	Total £m	At Mar 2025 £m	At Dec 2025 £m	9 months to Dec 2025 £m
Cash paid on 10 Oct 2024	10.0			
Deferred consideration paid 23 Oct 2025	10.0	9.7	-	0.3
Deferred consideration due by 24 Apr 2026	10.0	9.4	9.8	0.4
Deferred consideration due by 15 Apr 2030	10.0	7.4	7.8	0.4
	40.0	26.5	17.6	1.1

The deferred consideration has been discounted using a pre-tax weighted average cost of capital of 6.10%.

The carrying value of the joint venture investment and the related profit are summarised below.

Company	Dec 2025 £m	Mar 2025 £m
Carrying value of the investment at the beginning of the period	35.8	-
Acquisition	-	35.8
Share of profit from joint venture	0.9	-
Carrying value of the investment at the end of the period	36.7	35.8

Significant restrictions in respect of subsidiaries

As is typical for a group of its size and scope, there are restrictions on the ability of the Company to obtain distributions of capital, access the assets or repay the liabilities of its subsidiaries due to the statutory, regulatory and contractual requirements of its subsidiaries. After consideration of these factors, the resulting significant restrictions have been identified.

ENWL 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 ENWL. 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 ENWL	965.6	906.9
Property, plant and equipment held by ENWL	4,164.2	3,998.8

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 LOANS TO GROUP UNDERTAKINGS

Company	Dec 2025 £m	Mar 2025 £m
Loans to subsidiary ¹ (Note 34)	137.5	131.2
Impairment of loans (Note 34)	(0.1)	(0.1)
Loans to subsidiary ² (Note 34)	38.9	55.9
Impairment of loans (Note 34)	-	-
Loans to subsidiary ³ (Note 34)	399.0	399.0
Impairment of loans (Note 34)	(0.2)	(0.1)
	575.1	585.9

¹ Loans to North West Electricity Networks (UK) Limited of at a contracted rate of 0% but, as a loan at an off-market rate, is carried at amortised cost using an effective interest rate of 6.3%, maturing in December 2027; movement in the period is due to imputed interest.

² Loan to North West Electricity Networks (UK) Limited at 8.14%, maturing in November 2046.

³ Loan to North West Electricity Networks (UK) Limited at 4.91%, maturing in October 2034.

Impairment

Financial assets measured at amortised cost are subject to impairment testing. The credit risk of the inter-company loan 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 in the inter-company loan agreements, the Company has requested the reimbursement of the impairment charges.

16 INVENTORIES

Group	Dec 2025 £m	Mar 2025 £m
Raw materials and consumables	75.7	56.8

The cost of inventories recognised as an expense in the period was £3.6m (Mar 2025: £2.9m). Write-downs of inventories to net realisable value amounted to £0.3m (Mar 2025: £0.3m).

At 31 March 2025 and 31 December 2025, there was no inventory held in the Company.

17 TRADE AND OTHER RECEIVABLES

	Group Dec 2025 £m	Company Dec 2025 £m	*Restated Group Mar 2025 £m	Company Mar 2025 £m
Trade and other receivables	12.1	-	13.4	-
Amounts owed by group undertakings (Note 34)	-	1.8	-	11.4
Accrued income	76.3	-	70.4	-
Contract assets	0.6	-	-	-
Financial assets (Note 23)	89.0	1.8	83.8	11.4
Prepayments	26.7	0.3	20.2	0.3
Non-financial assets	26.7	0.3	20.2	0.3
Total trade and other receivables	115.7	2.1	104.0	11.7

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**17 TRADE AND OTHER RECEIVABLES (continued)****Group**

The average credit period taken on trade receivables is 14 days (Mar 2025: 14 days). At 31 December 2025, £6.2m (Mar 2025: £7.4m) of the trade receivables were past due, with £4.8m over 30 days past due (Mar 2025: £5.0m).

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:

	Group	Company	Group	Company
	9 months to	9 months to	12 months to	12 months to
	Dec 2025	Dec 2025	Mar 2025	Mar 2025
	£m	£m	£m	£m
At 1 April	0.7	-	0.9	-
Amounts written off in the period	0.5	-	(0.2)	-
Amounts recognised in profit or loss	0.4	-	-	-
At period end	1.6	-	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 20).

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.

Company

For further details of the amounts owed by group undertakings see Note 34. There are no provisions against these receivables. No element of the balance is overdue.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**18 CASH AND CASH EQUIVALENTS**

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Cash in bank accounts	31.5	-	22.5	-
Cash in liquidity funds	123.6	1.5	160.6	4.9
Total cash and cash equivalents (Notes 23, 24 & 36)	155.1	1.5	183.1	4.9
Weighted average interest rate	3.91%	3.89%	4.51%	4.51%
Weighted average term	1.1 days	1.0 days	6.7 days	1.0 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 £46.4m (Mar 2025: £9.6m), of which £10.0m (Mar 2025: £9.6m) is cash held in relation to regulatory projects and £36.4m (Mar 2025: £nil) is cash held in a debt service reserve account. Of these restricted amounts, £nil (Mar 2025: £nil) is held by the Company.

19 MONEY MARKET DEPOSITS OVER 3 MONTHS

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Money market deposits over 3 months (Notes 23, 24 & 36)	-	-	35.3	-
Weighted average interest rate	-	-	4.71%	-
Weighted average term	-	-	182.0 days	-

Money market deposits with an original maturity over 3 months are not included as cash or cash equivalents and are separately disclosed on the face of the statement of financial position. The term of these deposits is set with consideration of forecast liabilities ensuring this liquidity is available to meet obligations as they fall due.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**20 TRADE AND OTHER PAYABLES**

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Trade payables (Note 24)	20.0	-	20.5	-
Amounts owed to group undertakings (Note 34)	0.4	-	-	-
Amounts owed to subsidiary undertaking (Note 34)	-	0.2	-	0.2
Accruals	123.0	0.1	101.6	4.1
Refundable customer deposits (Note 24)	3.0	-	2.7	-
Cash collateral (Note 22)	44.5	-	31.8	-
Financial liabilities (Note 23)	190.9	0.3	156.6	4.3
Contract liabilities	21.1	-	28.5	-
Other taxation and social security	12.4	-	10.9	-
Deferred income	14.2	-	16.1	-
Non-financial liabilities	47.7	-	55.5	-
Total trade and other payables	238.6	0.3	212.1	4.3

Trade payables and accruals principally comprise amounts outstanding for capital purchases and ongoing costs. The average credit period in the period was 33.2 days from receipt of invoice (Mar 2025: 23.0 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, £12.5m (Mar 2025: £9.0m) was included in the contract liability at the beginning of the period (Note 4).

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**21 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 24.

The carrying values by category of borrowing were as follows:

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Current liabilities:				
Bonds (Note 23)	451.4	-	456.4	-
Bank and other term borrowings (Note 23)	9.7	-	9.4	-
	461.1	-	465.8	-
Non-current liabilities:				
Bonds (Note 23)	1,573.1	-	1,552.4	-
Bank and other term borrowings (Note 23)	58.2	-	59.3	-
	1,631.3	-	1,611.7	-
Borrowings (Notes 23 & 36)	2,092.4	-	2,077.5	-

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

	Nominal value £m	Interest rate	Maturity year	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Bond	200.0	8.875%	2026	199.8	-	199.5	-
Bond	250.0	8.875%	2026	251.7	-	256.9	-
Bond ¹	300.0	1.415%	2030	299.3	-	299.1	-
Bond ¹	425.0	4.893%	2032	423.4	-	423.2	-
Index-linked bond	100.0	1.4746%+RPI	2046	208.8	-	201.2	-
Index-linked loan	135.0	1.5911%+RPI	2024	-	-	-	-
Index-linked loan ²	50.0	0.26%+RPI	2032	31.7	-	32.9	-
Index-linked loan	50.0	0%+RPI	2033	36.2	-	37.1	-
USPP bond ³	100.0	4.07%	2029	99.8	-	99.7	-
USPP bond ³	100.0	4.17%	2029	99.8	-	99.7	-
Index-linked USPP bond ³	20.0	1.40%+RPI	2034	31.5	-	30.3	-
Index-linked USPP bond ³	85.0	1.50%+RPI	2034	134.0	-	128.8	-
Index-linked PP bond ³	100.0	1.265%+RPI	2040	156.8	-	150.8	-
USPP bond ³	65.0	6.58%	2033	64.8	-	64.8	-
USPP bond ³	27.5	6.84%	2038	27.4	-	27.4	-
USPP bond ³	27.5	7.04%	2038	27.4	-	27.4	-
Revolving credit facility ⁴	250.0	Sonia+0.50%	2027	-	-	(0.9)	-
Revolving credit facility	75.0	Sonia+1.20%	2027	-	-	(0.4)	-
Borrowings (Note 23 & 36)				2,092.4	-	2,077.5	-

¹These bonds, issued by ENW Finance plc, are guaranteed by Electricity North West Limited.

²This loan was at 0.38%+RPI until it was amended to 0.26%+RPI in December 2025.

³These private placements, issued by North West Electricity Networks plc, are secured and guaranteed by ENW Capital Finance plc, NWEN Group Limited and North West Electricity Networks plc.. The private placements include financial covenants, and a future breach of these covenants may require repayment of the loans earlier than indicated in the above table. The covenants are monitored on a regular basis and there have been no historic or expected future breaches of these covenants.

⁴In March 2026, an extension option was exercised and the maturity date extended to April 2028.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 BORROWINGS (continued)

At 31 December 2025 and 31 March 2025, all other 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 23 for more information on the fair value of the Group's borrowings.

The Group has private placement debt (identified in the previous table, footnote 3) which has financial covenants under its financing agreements during the current and prior period. These are the 'net debt to RAV gearing' and 'adjusted interest cover' ratios, which are key financial ratios assessed by external lenders. At December 2025, the net debt to RAV gearing was 9-12 percentage points below gearing lock-up levels at ENWL and NWEN plc respectively. At December 2025, the adjusted interest cover was 1.8 times cover, above the lock-up level of 1.1 times cover.

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.

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
At 1 April	2,077.5	-	2,400.7	-
Proceeds from external borrowings	-	-	1.0	-
Repayments of external borrowings	(4.8)	-	(340.3)	-
Indexation (Notes 9 & 36)	22.8	-	20.5	-
Transaction costs on new external borrowings (Note 36)	-	-	(2.1)	-
Amortisation of transaction costs, bond discounts and premiums (Note 36)	(3.1)	-	(2.3)	-
At period end (Notes 23 & 36)	2,092.4	-	2,077.5	-

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

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
£50m debt service reserve – expiry April 2025 ¹	-	-	50.0	-
£250m revolving credit facility – expiry April 2027 ²	-	-	250.0	-
£250m revolving credit facility – expiry April 2027 ²	250.0	-	-	-
£75m revolving credit facility – expiry April 2027 ³	-	-	75.0	-
	250.0	-	375.0	-

¹The £50m debt service reserve facility was not replaced; cash was instead invested in a specific liquidity fund (see Note 18).

²In August 2025, the external £250m RCF was replaced with a £250m RCF with SPUK, also expiring April 2027.

³The £75m RCF due to expire in April 2027 was cancelled in August 2025.

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 34 for more detail), this letter of support was cancelled.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 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. The Group entered no new derivatives during the period, neither were any derivatives closed out during the period.

No derivative financial instruments are held by the Company.

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 24.

At 31 March 2025 and 31 December 2025, the Group'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 Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Non-current assets:				
Inflation-linked swaps	50.4	-	43.8	-
Derivative assets (Note 23)	50.4	-	43.8	-
Non-current liabilities:				
Inflation-linked swaps	(327.2)	-	(286.7)	-
Interest rate swaps – fixed to floating	(33.4)	-	(39.4)	-
Interest rate swaps – fixed to fixed	(5.1)	-	(6.0)	-
Derivative liabilities (Note 23)	(365.7)	-	(332.1)	-

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.

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
£150m	5	Fix/ fix	2029	3.52%, semi-annual	2.60%, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**22 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 Group 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 Group. At 31 December 2025, £44.5m (Mar 2025: £31.8m) cash collateral was held under these CSAs (Note 22). 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 consolidated statement of financial position if all set-off rights were exercised.

Group	Gross amount £m	Amounts subject to master netting arrangements £m	Financial instrument collateral £m	Net amount £m
At 31 December 2025:				
Derivative assets	50.4	(5.9)	(44.5)	-
Derivative liabilities	(365.7)	5.9	-	(359.8)
Total	(315.3)	-	(44.5)	(359.8)
At 31 March 2025:				
Derivative assets	43.8	(12.0)	(31.8)	-
Derivative liabilities	(332.1)	12.0	-	(320.1)
Total	(288.3)	-	(31.8)	(320.1)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 DERIVATIVES (continued)

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 previous 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 subsequent 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.

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

Group	Dec 2025 £m	Mar 2025 £m
Fair value of derivatives pre IFRS 13 adjustment	83.2	77.0
BCVA adjustment	(0.5)	-
Other XVA adjustment	(32.3)	(33.2)
Derivative assets (Note 23)	50.4	43.8
Fair value of derivatives pre IFRS 13 adjustment	(465.3)	(472.2)
BCVA adjustment	26.4	64.2
Other XVA adjustment	73.2	75.9
Derivative liabilities (Note 23)	(365.7)	(332.1)

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 £19.1m debit (Mar 2025: £64.7m debit) was classed as Level 3, and £6.8m debit (Mar 2025: £0.7m credit) was classed as Level 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 DERIVATIVES (continued)

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, providing an indication as to the reliability of the inputs used in determining the fair value. Each category includes multiple instruments.

Group	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 December 2025				
Derivative assets:				
Inflation-linked swaps	-	35.7	14.7	50.4
	-	35.7	14.7	50.4
Derivative liabilities:				
Inflation-linked swaps	-	(165.4)	(161.8)	(327.2)
Interest rate swaps – fixed to floating	-	(33.4)	-	(33.4)
Interest rate swaps – fixed to fixed	-	(5.1)	-	(5.1)
	-	(203.9)	(161.8)	(365.7)
Total	-	(168.2)	(147.1)	(315.3)
At 31 March 2025				
Derivative assets:				
Inter-company derivative asset	-	31.2	12.6	43.8
Inflation-linked swaps	-	-	-	-
	-	31.2	12.6	43.8
Derivative liabilities:				
Inflation-linked swaps	-	-	(286.7)	(286.7)
Interest rate swaps – fixed to floating	-	(39.4)	-	(39.4)
Interest rate swaps – fixed to fixed	-	(6.0)	-	(6.0)
	-	(45.4)	(286.7)	(332.1)
Total	-	(14.2)	(274.1)	(288.3)

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

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 55.

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

Group	Dec 2025 £m	Mar 2025 £m
At 1 April	(274.1)	(303.1)
On swaps closed out		(0.2)
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)

NOTES TO THE FINANCIAL STATEMENTS (continued)**22 DERIVATIVES (continued)**

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.

23 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:				
Loans to group undertakings (Note 15)	-	575.1	-	585.9
Derivative assets (Note 22)	50.4	-	43.8	-
Trade and other receivables (Note 17)	89.0	1.8	83.8	11.4
Cash and cash equivalents (Note 18)	155.1	1.5	183.1	4.9
Money market deposits over 3 months (Note 19)	-	-	35.3	-
	294.5	578.4	346.0	602.2
Financial liabilities:				
Trade and other payables (Note 20)	(190.9)	(0.3)	(156.6)	(4.3)
Borrowings (Note 21)	(2,092.4)	-	(2,077.5)	-
Derivative liabilities (Note 22)	(365.7)	-	(332.1)	-
Deferred consideration (Note 14)	(17.6)	-	(26.5)	-
	(2,666.6)	(0.3)	(2,592.7)	(4.3)

The Group's exposure to various risks associated with the financial instruments is outlined in Note 24. 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.

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 22.

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 FINANCIAL INSTRUMENTS (continued)**

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 tables.

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 21)	(2,024.5)	(1,924.2)	(2,008.8)	(1,878.6)
Bank and other term borrowings ² (Note 21)	(67.9)	(64.2)	(68.7)	(65.5)

Company	Dec 2025 Carrying value £m	Dec 2025 Fair Value £m	Mar 2025 Carrying value £m	Mar 2025 Fair Value £m
Financial assets:				
Loans to subsidiary > 1 year ² (Note 15)	575.1	562.7	585.9	572.5

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

² These fair values 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.

24 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 period 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)**24 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 22.

Interest rate risk

The Group's floating rate borrowings (see Note 21) and derivatives (see Note 22) 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 was the two RCF, which were nil drawn throughout the period, 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 finance costs in the income statement would have differed if interest rates over the course of the period had differed from actual rates; 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	£m	£m	£m	£m	£m	£m
Interest:						
Floating rate borrowings	-	-	-	0.9	(0.9)	(1.9)
Total finance costs impact	-	-	-	0.9	(0.9)	(1.9)

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 FINANCIAL RISK MANAGEMENT (continued)

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.

Group	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
Fair values:						
Inflation-linked swaps	(33.6)	31.2	60.1	(34.7)	32.2	61.9
Interest rate swaps	3.7	(3.6)	(7.2)	4.1	(4.1)	(7.9)
Total finance costs impact	(29.9)	27.6	52.9	(30.6)	28.1	54.0

Inflation risk

The Group's inflation-linked borrowings (see Note 21) and inflation-linked derivatives (see Note 22) 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.

Group	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
Interest:						
Inflation-linked borrowings	-	-	(0.1)	-	-	(0.1)
Indexation:						
Inflation-linked borrowings	3.0	(3.0)	(6.0)	2.9	(2.9)	(5.8)
Total finance costs impact	3.0	(3.0)	(6.1)	2.9	(2.9)	(5.9)

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 FINANCIAL RISK MANAGEMENT (continued)

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.

Group	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
Fair values:						
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)

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 23.

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	Dec 2025 £m	Dec 2025 %	Mar 2025 £m	Mar 2025 %
AAA	123.6	59.6	128.9	56.5
A+	83.5	40.3	45.5	19.9
A	0.1	0.1	53.7	23.6
	207.2	100.0	228.1	100.0

For more information on the credit risk and expected credit losses in relation to trade and other receivables, see Note 17.

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 22).

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 FINANCIAL RISK MANAGEMENT (continued)

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 Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Cash and cash equivalents (Note 18)	155.1	1.5	183.1	4.9
Money market deposits over 3 months (Note 19)	-	-	35.3	-
Committed undrawn bank facilities (Note 21)	250.0	-	375.0	-
Balance at period end	405.1	1.5	593.4	4.9

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

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.

	<1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	>4 years £m	Total £m
Group						
At 31 December 2025						
Trade payables (Note 20)	(20.0)	-	-	-	-	(20.0)
Refundable customer deposits (Note 20)	(3.0)	-	-	-	-	(3.0)
Deferred consideration (Note 14)	(10.0)	-	-	-	(10.0)	(20.0)
Leases	(4.1)	(3.5)	(2.7)	(1.8)	(10.4)	(22.5)
Bonds	(538.8)	(48.9)	(48.9)	(248.9)	(1,571.2)	(2,456.7)
Borrowings and overdrafts	(9.8)	(9.7)	(9.7)	(9.7)	(29.0)	(67.9)
Derivatives	(5.9)	(39.2)	(12.7)	(12.6)	(435.8)	(506.2)
Total contractual cash flows	(591.6)	(101.3)	(74.0)	(273.0)	(2,056.4)	(3,096.3)
At 31 March 2025						
Trade payables (Note 20)	(20.5)	-	-	-	-	(20.5)
Refundable customer deposits (Note 20)	(2.7)	-	-	-	-	(2.7)
Deferred consideration (Note 14)	(10.0)	(10.0)	-	-	(10.0)	(30.0)
Leases	(4.7)	(3.7)	(2.9)	(2.4)	(10.4)	(24.1)
Bonds	(538.6)	(48.6)	(48.6)	(48.6)	(1,810.8)	(2,495.2)
Borrowings and overdrafts	(9.5)	(9.5)	(9.5)	(9.5)	(33.0)	(71.0)
Derivatives	(7.5)	(11.6)	(36.5)	(11.6)	(393.6)	(460.8)
Total contractual cash flows	(593.5)	(83.4)	(97.5)	(72.1)	(2,257.8)	(3,104.3)

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

The Company had no contractual cash flows at 31 December 2025 (Mar 2025: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)**25 RETIREMENT BENEFITS SCHEMES****Group****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 Company does not have any post-retirement benefit arrangements.

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. 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 year 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**25 RETIREMENT BENEFITS SCHEMES (continued)**

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).

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**25 RETIREMENT BENEFITS SCHEMES (continued)****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 £10.2m (Mar 2025: £12.0m) 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:

Group	Dec 2025	Mar 2025
	£m	£m
At 1 Apr	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

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

Group	Dec 2025	Mar 2025
	£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:

Group	Dec 2025	Mar 2025
	£m	£m
At 1 Apr	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

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 RETIREMENT BENEFITS SCHEMES (continued)

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

	Dec 2025	Mar 2025
Group	£m	£m
At 1 Apr	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	£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

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	£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	%	%
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).

25 RETIREMENT BENEFITS SCHEMES (continued)

	Dec 2025	Mar 2025
Group	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 sensitivity analysis is for illustrative purposes and it is of note that while the sensitivities below are based on isolated movements, in reality, some assumptions are interlinked and a movement in one may result in movements in others (e.g., inflation-based assumptions).

	Increase in Defined Benefit Obligation
Group and Company	£m
As at 31 December 2025:	
Discount rate: decrease by 25 basis points	22.4
decrease by 50 basis points*	45.9
Price inflation: increase by 25 basis points	14.8
increase by 50 basis points*	30.2
Life expectancy: increase longevity by 1 year	31.3
As at 31 March 2025:	
Discount rate: decrease by 25 basis points	23.4
Price inflation: increase by 25 basis points	17.5
Life expectancy: increase longevity by 1 year	23.9

*An additional sensitivity of 0.5% is included for the current period to reflect larger movements in key actuarial assumptions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 RETIREMENT BENEFITS SCHEMES (continued)

The fair value of the Scheme's assets and liabilities recognised in the statement of financial position are as follows:

Group	Scheme assets	Quoted	Unquoted	Total Value	Scheme assets	Quoted	Unquoted	Total Value
	Dec 2025 %	Dec 2025 £m	Dec 2025 £m	Dec 2025 £m	Mar 2025 %	Mar 2025 £m	Mar 2025 £m	Mar 2025 £m
At period end:								
Cash	1.0	-	8.4	8.4	1.8	15.2	-	15.2
Debt instruments	32.3	168.0	104.0	272.0	31.2	162.2	95.1	257.3
Real estate	6.0	-	50.7	50.7	6.7	-	55.5	55.5
Distressed debt	0.2	-	1.6	1.6	0.3	-	2.1	2.1
Infrastructure equity	10.7	-	90.3	90.3	10.1	-	83.7	83.7
Asset backed securities	5.0	42.3	-	42.3	4.9	-	40.4	40.4
Pensioner buy-in	44.8	-	378.1	378.1	45.0	-	371.0	371.0
Fair value of assets	100.0	210.3	633.1	843.4	100.0	177.4	647.8	825.2
Present value of liabilities				(804.1)				(769.1)
Net retirement benefit surplus				39.3				56.1

The fair value of the assets set out above are as per the quoted market prices in active markets.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 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.

Group	Dec 2025 £m	Mar 2025 £m
At 1 April	593.6	570.0
Additions during the period	39.9	37.5
Amortised through revenue (Note 4 & 36)	(9.4)	(13.9)
At period end	624.1	593.6
Split:		
Amounts due in less than one year	71.5	67.1
Amounts due after more than one year	552.6	526.5
	624.1	593.6

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

Group	Dec 2025 £m	Mar 2025 £m
Refundable customer contributions	91.4	87.0
Non-refundable customer contributions	532.7	506.6
At period end	624.1	593.6

27 DEFERRED TAX

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

Group	Accelerated tax depreciation £m	Retirement benefit obligations £m	Other £m	Total £m
*Restated at 31 March 2024	418.5	9.4	(65.0)	362.9
Charged to profit or loss (Note 10)	26.6	1.1	21.0	48.7
Deferred tax on re-measurement of defined benefit pension scheme	-	3.5	-	3.5
*Restated at 31 March 2025	445.1	14.0	(44.0)	415.1
Charged to profit or loss (Note 10)	13.1	1.3	(5.2)	9.2
Deferred tax on re-measurement of defined benefit pension scheme	-	(5.3)	-	(5.3)
At 31 December 2025	458.2	10.0	(49.2)	419.0

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

The above table outlines the deferred tax balances within the Group only, as there is no closing deferred tax assets or liabilities at Company level at the balance sheet date. This is consistent with prior years.

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 significant unrecognised deferred tax assets or liabilities for either the Group or Company in either the current period or prior year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28 PROVISIONS

Group	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.

29 STATED CAPITAL

Group and Company	Dec 2025 £m	Mar 2025 £m
Authorised:		
50,000,000 ordinary shares of no par value (Mar 2025: 50,000,000)	-	-
At period end	-	-
Issued and fully paid:		
3,000,000 ordinary shares of no par value (Mar 2025: 3,000,000)	3.0	3.0
2,235,176 ordinary shares of no par value (Mar 2025: 2,235,176)	242.0	242.0
1,034,107 ordinary shares of no par value (Mar 2025: 1,034,107)	335.4	335.4
At period end	580.4	580.4

See Note 31 for voting rights of each share.

30 PREFERENCE SHARE CAPITAL

Group and Company	Dec 2025 £m	Mar 2025 £m
327,000,000 redeemable preference shares of no par value (Mar 2025: 327,000,000)	327.0	327.0
64,592,592 redeemable preference shares of no par value (Mar 2025: 64,592,592)	64.6	64.6
At period end	391.6	391.6

There is no coupon or redemption date attached to the shares and they are redeemable only at the request of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)**31 CAPITAL STRUCTURE**

Details of the authorised and allotted stated capital, together with details of the movements in the Company's issued stated capital during the period are shown in Note 29. 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 redeemable preference shares shall, at the sole discretion of the directors receive, in priority to any payment of dividend to the holders of any other class shares in the Company a cumulative preferential rate to be determined at the sole discretion of the directors. Each share carries the right to one vote at general meetings of the Company. The redeemable preference share capital consists of shares of no par value issued at £1 each. The Company has the right to redeem at any time any or all of the redeemable preference shares.

With regard to the appointment and replacement of directors, the Company is governed by the Articles of Association ("the Articles") 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.

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. 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 period ended 31 December 2025, the RAV was £2,941.1m (Mar 2025: 2,725.2m) and has been indexed using the CPIH for December 2025.

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, with regard to the externally imposed capital requirements.

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 ENWL's licence obligations.

NOTES TO THE FINANCIAL STATEMENTS (continued)**32 DIVIDENDS**

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

	Dec 2025	Mar 2025
Group and Company	£m	£m
Final dividend for the 12 months to 31 March 2024 of 529.11 pence per share (paid June 2024)	-	27.7
Final dividend for the 12 months to 31 March 2025 of 315.83 pence per share (paid June 2025)	19.8	-
Interim dividend for the 12 months to 31 December 2025 of 319.02 pence per share (paid December 2025)	20.0	-
Dividends	39.8	27.7

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

33 ULTIMATE PARENT AND CONTROLLING PARTY

The registered address of the Company is: 44 Esplanade, St Helier, Jersey, Channel Islands, JE4 9WG.

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.

ELECTRICITY NORTH WEST (HOLDINGS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**34 RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in the Group figures of 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
Types of transaction:				
Sales and rendering of services to other Iberdrola group companies	19.0	-	12.3	-
Purchases and receipt of services from other Iberdrola group companies	(2.2)	-	(1.1)	-
Interest receivable from North West Electricity Networks (UK) Limited	-	24.4	-	22.1
Dividends paid to shareholders	(39.8)	(39.8)	(27.7)	(27.7)
Recharges to:				
Joint Ventures (Steel River Power Limited)	0.3	-	0.2	-
Other Iberdrola group companies	0.1	-	0.3	-
Interest on group borrowings at amortised cost:				
Other Iberdrola group companies (Note 9)	(0.8)	(0.5)	-	-
Directors' remuneration (Note 7)	2.6	-	3.3	2.5

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

	Group Dec 2025 £m	Company Dec 2025 £m	Group Mar 2025 £m	Company Mar 2025 £m
Loans to group undertakings:				
North West Electricity Networks (UK) Limited	-	575.4	-	586.1
Impairment of inter-company loan to North West Electricity Networks (UK) Limited	-	(0.3)	-	(0.2)
Total loans to group undertakings (Note 15)	-	575.1	-	585.9
Interest receivable from North West Electricity Networks (UK) Limited (Note 17)	-	1.8	-	11.4
Amounts owed to:				
Electricity North West Limited (Note 20)	-	0.2	-	0.2
Other Iberdrola group companies (Note 20)	0.4	-	-	-
Group tax relief (owed to)/owed by:				
North West Electricity Networks plc	-	(3.6)	-	(0.8)
North West Electricity Networks (UK) Limited	-	(0.8)	-	(1.2)
North West Electricity Networks (Holdings) Limited	-	-	-	(0.6)
Electricity North West Property Limited	-	-	-	(0.1)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

35 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	£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

There are no contractual commitments contracted for but not recognised in the Company.

36 CASH FLOW INFORMATION

Cash generated from/(used in) operations

	Group Dec 2025 £m	Company Dec 2025 £m	*Restated Group Mar 2025 £m	Company Mar 2025 £m
Operating profit/(loss)	212.1	0.2	267.7	(6.9)
Adjustments for:				
Depreciation of property, plant and equipment (Note 5 & 11)	144.9	-	141.5	-
Depreciation of right of use assets (Notes 5 & 12)	2.2	-	2.6	-
Amortisation of intangible asset (Note 5 & 13)	9.9	-	14.4	-
Amortisation of customer contributions (Note 4 & 26)	(9.4)	-	(13.9)	-
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	355.1	0.2	407.1	(6.9)
Changes in working capital:				
Increase in inventories	(18.9)	-	(7.4)	-
(increase)/decrease in trade and other receivables	(14.0)	-	1.9	(0.2)
Increase/(decrease) in trade and other payables	(2.6)	(4.0)	11.3	4.0
Cash generated from/ (used in) operations	319.6	(3.8)	412.9	(3.1)

*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.

	Group Dec 2025 £m	Company Dec 2025 £m	*Restated Group Mar 2025 £m	Company Mar 2025 £m
Borrowings (Note 21)	(2,092.4)	-	(2,077.5)	-
Lease liabilities (Note 12)	(16.5)	-	(17.7)	-
Cash and cash equivalents (Note 18)	155.1	1.5	183.1	4.9
Money market deposits over 3 months (Note 19)	-	-	35.3	-
Net debt	(1,953.8)	1.5	(1,876.8)	4.9

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**36 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	Borrowings £m	*Restated Lease liabilities £m	Cash and cash equivalents £m	Money market deposits over 3 months £m	Total £m
Net debt at 31 March 2024	(2,400.7)	(17.2)	205.8	16.7	(2,195.4)
Financing cash flows	339.3	2.7	(22.7)	18.6	337.9
Indexation (Notes 9 & 21)	(20.5)	-	-	-	(20.5)
New leases	-	(3.2)	-	-	(3.2)
Transaction costs on new borrowings (Note 21)	2.1	-	-	-	2.1
Amortisation of transaction costs, discounts and premiums (Note 21)	2.3	-	-	-	2.3
Net debt at 31 March 2025	(2,077.5)	(17.7)	183.1	35.3	(1,876.8)
Financing cash flows	4.8	2.5	(28.0)	(35.3)	(56.0)
Indexation (Notes 9 & 21)	(22.8)	-	-	-	(22.8)
New leases	-	(1.3)	-	-	(1.3)
Transaction costs on new borrowings (Note 21)	-	-	-	-	-
Amortisation of transaction costs, discounts and premiums (Note 21)	3.1	-	-	-	3.1
Net debt at 31 December 2025	(2,092.4)	(16.5)	155.1	-	(1,953.8)

*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)**37 POST BALANCE SHEET EVENTS**

On 18 March 2026, ENWL 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 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 ENWL were repaid at par on maturity. The Group utilised the £650m intercompany 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.