

SP MANWEB PLC
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2024

Registered No. 02366937

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STRATEGIC REPORT

The directors present their Strategic Report on SP Manweb plc ("the Company") for the year ended 31 December 2024. This includes an overview of the Company's structure, strategic outlook including 2024 performance, and principal risks and uncertainties.

INTRODUCTION

The principal activity of the Company, registered Company number 02366937, is the ownership of the electricity distribution network within Cheshire, Merseyside, North Shropshire and North Wales. The network is used to distribute electricity, which has been transmitted to grid supply points, for electricity supply companies for onward sales to their customers.

The ultimate parent of the Company is Iberdrola, S.A. ("Iberdrola") whose shares are listed on all four stock markets in Spain. 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 immediate parent of the Company is Scottish Power Energy Networks Holdings Limited ("SPENH").

SPENH acquired 88% of the share capital of North West Electricity Networks (Jersey) Limited ("NWEN") in October 2024. NWEN indirectly owns 100% of the share capital of Electricity North West Limited ("ENW"), the Distribution Network Operator ("DNO") for the North West of England. Therefore, SPENH is now the holding company of both the SP Energy Networks business ("Energy Networks") and NWEN which operate as separate divisions.

Energy Networks includes three UK regulated electricity network companies wholly owned by SPENH, being the Company, SP Distribution plc ("SPD") and SP Transmission plc ("SPT"). The Company, SPD and SPT are 'asset-owner companies', holding regulated assets, electricity distribution licences (in the case of the Company and SPD) and an electricity transmission licence (in the case of SPT). Each of the Company, SPD and SPT are regulated monopolies.

Energy Networks owns and operates the network of cables, power lines transporting electricity to around 3.5 million connected customers in the Central Belt and South of Scotland, Cheshire, Merseyside, North Shropshire and North Wales. SP Power Systems Limited ("SPPS"), another wholly owned subsidiary of SPENH, acts as a service provider to the Company, SPD and SPT.

The Company is a DNO. The electricity distribution networks are regional grids that transport electricity at a lower voltage from the national transmission grid and embedded generators and connect to industrial, commercial and domestic users.

The Company is a natural monopoly and is governed by The Office of Gas and Electricity Markets ("Ofgem") via a regulatory price control. The primary objective of the regulation of the electricity networks is the protection of consumers' interests while ensuring that demand can be met and companies are able to finance their activities. Price controls are the method by which the amount of allowed revenue is set for network companies over the period of the price control. Price control processes are designed to cover the Company's efficient costs and allow it to earn a reasonable return, provided the Company acts in an efficient manner, delivers value for customers, and meets Ofgem targets. Price controls are delivered on a regulatory year basis from April to March. Therefore, the majority of the Company's performance and key deliverables are measured and reported on this basis.

STRATEGIC OUTLOOK

Operating review

The second year of the five-year, £3 billion, RIIO-ED2 (Revenue = Incentives + Innovation + Outputs) price control period commenced on 1 April 2024. The Company is proud of its performance in the first year of RIIO-ED2 which ended in March 2024, delivering on its commitments and making progress against its targets. The Company is delivering greater levels of network investment across reinforcement, modernisation, and resilience programmes whilst adopting smarter solutions and delivering greater network monitoring to enable Distribution System Operator ("DSO") and flexibility services. Implementation of the RIIO-ED2 delivery plan continues to deliver the increased volume of activity required including increased recruitment in key areas coupled with external contract placement.

In continuation of the process agreed in 2022 with Ofgem, recovery of supplier of last resort payments to suppliers were included in distribution use of system tariffs charged from April 2023, resulting in a broadly neutral cash and earnings profile for first half of 2024.

Values in action

As a network operator serving communities across England and Wales, the Company has a critical role to play in supporting regional and national decarbonisation ambitions. The Company is focused on providing a business in direct alignment with the priorities of customers and stakeholders to tackle climate change, and deliver the infrastructure and services required to achieve net zero. The Company's journey to a net zero future is already well underway.

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STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

The Company's Business Carbon Footprint emissions (excluding losses) during 2023/24 have decreased by 38% from the last regulatory year. The Company is on track to reach Energy Networks' medium-term target of an 80% reduction in greenhouse gas emissions by 2030 (from the 2013/14 baseline). The most significant reductions were a decrease in emissions associated with substation energy use.

Furthermore, the Company is supporting societal decarbonisation by enabling low-carbon technologies, such as electric vehicles ("EVs") and heat pumps, to be connected to its network. The Company is a major enabler on the UK journey to net zero and this is embedded in Ofgem's price control mechanisms including reductions in the Company's carbon footprint through investment in low-loss transformers.

2024 Performance

The table below provides key financial information relating to the Company's performance during the year.

	Revenue (Note (a))		Operating profit (Note (a))		Capital investment (Note (b))	
	2024	2023	2024	2023	2024	2023
Financial key performance indicators ("KPIs")	£m	£m	£m	£m	£m	£m
SP Manweb plc	588.3	503.9	298.8	179.4	278.8	232.9

(a) Revenue and Operating profit are presented in the Income statement and statement of comprehensive income on page 23.

(b) 2024 Capital investment in Property, plant and equipment for 2024 is presented within Note 3 on page 31. Capital investment in intangible assets was £4.4 million in the year.

Revenue is £84.4 million higher than the prior year. Distribution revenues are £20.8 million lower in relation to supplier of last resort levies, and there is an equal and opposite variance within Procurements. Underlying distribution revenues are £105.2 million higher than the prior year reflecting higher base revenues (including recovery of revenues from prior periods) as well as a 1.5% (primarily domestic) increase in volumes.

Operating profit has increased by £119.4 million since the prior year largely due to increased allowable revenue pricing, a favourable £17.5 million movement in provisions as well as a reduction in depreciation due to a change to the useful economic life of onshore underground cable assets (refer to Note 1B2). These were partly offset by increased regulatory net operating costs and asset growth impacts.

Capital investment increased by £45.9 million to £278.8 million in 2024 primarily due to continued investment to facilitate UK net zero targets as the Company progresses through RIIO-ED2.

Non-financial KPIs	Notes	Actual	Target	Actual	Target
		2024	2024	2023	2023
Distributed energy (GWh)	(a)	12,952	N/A	12,758	N/A
Customer interruptions	(b), (c), (d)	32.9	30.9	30.3	35.7
Customer minutes lost	(b), (c), (e)	33.6	26.8	31.9	35.0
RAV (£m)	(c), (f)	2,923.5	N/A	2,767.3	N/A

(a) Gigawatt hours ("GWh"). Distributed energy is reported for the years ending 31 December.

(b) Under the Interruptions Incentive Scheme of the RIIO regulatory regime, the Company is incentivised based on its performance against pre-determined Ofgem targets for Customer interruptions and Customer minutes lost.

(c) As the Company is required to prepare regulatory financial performance reporting for the years ending 31 March, reporting of these KPIs is aligned to the regulatory year end of 31 March.

(d) Number of interruptions per 100 customers. A measure of volume of customers affected by a fault.

(e) Average number of minutes the Company's customers had their supply interrupted. The Company was impacted by periods of bad weather and storms. This resulted in a higher than average number of faults.

(f) RAV is the Regulated Asset Value of the Company and is presented in nominal prices based on the financial year end inflation rate. The 31 March 2024 RAV presented is provisional at the date the accounts are signed. Discussion with Ofgem may result in RAV being increased or decreased.

Statement of financial position

Net assets of the Company have increased by £80.7 million in the year to £874.4 million. This reflects the impact of the statutory profit for the year of £149.2 million offset by dividends of £68.5 million paid to the parent.

Policy and regulation

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

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STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

Ofgem's consultation on RIIO-ED3 framework was published 6 November 2024. This consultation is the first step in the RIIO-ED3 price control process and will set out the building blocks for the electricity distribution price control period due to start in 2028, covering the overarching Ofgem objective for the price control and the consumer outcomes they will be looking to achieve.

Outlook for 2025 and beyond

A key focus for 2025 will be the targeted delivery of increased activity associated with regulatory outputs of next year under RIIO-ED2. RIIO-ED2 is particularly significant for the decarbonisation of transport and domestic heating, and the connection of low-carbon electricity as the business drives towards net zero goals building in innovation whilst maintaining high levels of asset stewardship.

FINANCIAL INSTRUMENTS

The Company's financial instruments include Trade and other receivables, Cash, Trade and other payables and Loans and other borrowings. The Company has exposure to credit risk and treasury risk (comprising both liquidity and market risk) arising from these financial instruments.

Credit risk is the risk that a counterparty will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk from related parties is considered to be low as no related party has a credit rating lower than BBB+ (in line with S&P Global Ratings).

Liquidity risk is the risk that the Company will have insufficient funds to meet its liabilities and market risk is the risk of loss that results from changes in market rates (e.g. interest rates). The Company's liquidity position and short-term financing activities are integrated and aligned with both ScottishPower's and Iberdrola's. ScottishPower operates and manages a centralised cash management model within the UK, with liquidity being managed at a ScottishPower level.

Both liquidity and market risk are managed by ScottishPower's Treasury department, who are responsible for arranging banking facilities on behalf of the Company. The Company produces short-term rolling cash flow requirements and, if necessary, any required funding is obtained via credit facilities already in place which comprise long-term loans and the on-demand facility with Scottish Power UK plc ("SPUK"). Additional short-term cover is provided by the undrawn committed revolving credit facility arrangement with SPUK for £750.0 million (Refer to Note 9(g)).

PRINCIPAL RISKS AND UNCERTAINTIES

The delivery of its strategy requires the Company to conduct business in a manner benefitting customers through balancing cost and risk, while delivering shareholder value and protecting its performance and reputation by prudently managing the risks inherent in the business. To maintain this strategic direction, ScottishPower, and so the Company, develops and implements risk management policies and procedures, and promotes a robust control environment at all levels of the organisation. Further details of ScottishPower's risk management practices can be found in the most recent Annual Report and Accounts of SPL.

The principal risks and uncertainties of the Company, that may impact current and future operational and financial performance and the management of these risks are described on pages 4 to 6.

RISK	RESPONSE
Regulatory and political Compliance with regulatory obligations especially in the context of sudden changes of policy, or interventions outside established regulatory frameworks.	Positive and transparent engagement with all appropriate stakeholders to ensure that long-term regulatory stability and political consensus is maintained, and public backing is secured for the necessary investment in the UK energy system. Providing stakeholders with evidence of the risks of ad hoc intervention in markets.
Price controls Failure to deliver the Company's distribution outputs agreed with Ofgem in the price control under the RIIO framework.	Mitigating actions include formulating detailed investment, resource, outage, contingency plans supported by an extensive procurement strategy and having a funding strategy in place to support delivery. Good communication and coordination of activities across the business is integral to success, complemented by a comprehensive monitoring regime that provides early warning of potential issues.

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STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

RISK	RESPONSE
<p>Global financial market volatility Impacts arising from market and regulatory reactions to geopolitical events. These could include increased volatility of commodities, inflation (and other related indices), and currencies, closely linked to the various policies of different countries, as well as global events.</p>	<p>Positive and transparent engagement with all appropriate stakeholders to ensure that long-term regulatory stability and political consensus is maintained, and public backing is secured for the necessary investment in the UK energy system. Providing stakeholders with evidence of the risks of ad hoc intervention in markets. In addition to monitoring ongoing developments, the Company adheres to a ScottishPower treasury risk management policy to mitigate financial risks.</p>
<p>Climate change The risk that the Company's strategy, investment or operations have a significant impact on the environment and on national and international targets to tackle climate change, or that climate change has a significant impact on the Company's assets.</p>	<p>The Company is committed to reducing its environmental footprint and responding to the risks and opportunities of climate change by:</p> <ul style="list-style-type: none"> • reducing emissions to air, land and water and preventing environmental harm; • identifying and managing climate risks and opportunities, implementing adaptation measures where required; • minimising energy consumption and use of natural and human-made resources; • sourcing material resources responsibly, cutting waste and encouraging reuse and recycling; and • protecting natural habitats and restoring biodiversity.
<p>Health and safety A major health and safety incident in the course of operations could impact staff, contractors, communities or the environment.</p>	<p>The Company has certified management systems in place to deliver activities as safely as possible. A ScottishPower Health and Safety function exists and provides specialist services and support for the Company in relation to health and safety. A comprehensive framework of health and safety policy and procedures, alongside audit programmes is established, which aims to ensure not only continuing legal compliance but also to drive towards best practice in all levels of health and safety operations.</p>
<p>Recruitment and retention of staff Increased and appropriate resources with the correct capabilities are required to grow the Company.</p> <p>The increased retiral rate and challenging RIIO-ED2 programme requires substantial recruitment in the coming years.</p>	<p>Extensive focus on retention and strategic workforce planning in order to build key capabilities and future skills with targeted learning and development opportunities.</p> <p>Build a multi-channel approach to recruitment with leveraging of Iberdrola Global Talent Strategy, focus on armed forces transition and identify available resources from industries experiencing downturn.</p> <p>Increased size and skill set of the ScottishPower recruitment team.</p>

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STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

RISK	RESPONSE
<p>Cyber security</p> <p>The Company operates within an environment where there is the presence of sophisticated and opportunistic cyber security threat actors motivated to identify and take advantage of flaws and weaknesses in the Company's cyber security defences. The Company, in alignment with UK Regulation, takes the protection of its Data very seriously. The Company, as part of ScottishPower, continues to invest significantly in its people, processes, and technologies to enhance its capabilities to prevent, detect and respond to security threats.</p> <p>The main risks are:</p> <ul style="list-style-type: none"> Operational technology used to manage the production, management and distribution of energy or physical safety systems (fire protection, CCTV, alarm reception centres). IT that enables the Company to operate critical services. The confidentiality, integrity, and availability of key information assets. The Company's network, systems and/or data being compromised due to Supplier security controls being insufficient, resulting in data loss, critical service interruption, regulatory sanctions, and reputational damage. Other cyber security risks impacting reputation. 	<p>The Company, as part of ScottishPower, continues to focus on enterprise security risks through enhanced internal governance, complemented by the adoption of a 'three lines of defence' model with clear roles and responsibilities established. This has involved the appointment of a ScottishPower Chief Information Security Officer as well as the creation of a Business Information Security Officer for the division.</p> <p>These risks are managed in accordance with the basic principles defined in internal cyber security rules promoting the safe handling of data, use of IT and communications systems, use of operational technology systems and assets, and other cyber assets, reinforcing detection, prevention, defence, and response capabilities against possible attacks. Risks are also managed through identification of critical suppliers and cybersecurity maturity reviews in third parties. The Company has also built in cyber security checks and monitoring as part of its tendering and supply chain relationships.</p> <p>The Iberdrola Group, of which the Company is a part, currently has specific insurance against cyber risks, under the terms allowed by the insurance market, which is revised and updated periodically in view of the rapid evolution and wide variety of cyber risks.</p>
<p>Supply chain</p> <p>Interruption due to geopolitical circumstances and higher costs as a result of movements in commodity prices, increased risk of supplier failure due to the deterioration of industrialised economies and excess demand over supply.</p>	<p>Identifying potential shortages, delays and gaps in the supply of products, equipment and labour. The supply chain is advised by the ScottishPower Procurement department in conjunction with advice from the Scottish Power Compliance, Legal and Risk departments. The upward pressure on costs due to the macroeconomic environment is managed, and strategies, such as hedging and expanding the Company's supplier base, are developed and implemented. The risk is spread through supply chain engagement.</p>
<p>Project delivery</p> <p>Failure to deliver large and complex projects on time and within budget.</p>	<p>The Company has a strong track record in delivering large-scale engineering projects with significant experience from developing numerous major projects. Project delivery is supported by the use of established and experienced suppliers and advisors, along with robust financial management and funding strategy.</p> <p>Continue constructive engagement with Ofgem on plan deliverability.</p>
<p>Reduced security of supply</p> <p>Reduced security of supply due to potential asset failures alongside decreased generation capacity.</p> <p>Reduced security of supply has the potential to disrupt many of the Company's customers, in both the Company's licence areas and beyond.</p>	<p>Risk-based asset investment programme in place, business continuity and emergency planning well established including Electricity System Restoration Strategic spares policy in place. Continuing engagement with Ofgem on the resilience of the British network.</p>

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STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

RISK	RESPONSE
Risks of interruptions to net zero timescales Network operators are key facilitators to governments' net zero ambitions and the failure of the Company to respond to customers' changing requirements through the low-carbon transition (for example EVs, distributed generation and storage) could result in a failure to meet these targets.	Mitigating actions influencing developments at industry forums, undertaking scenario modelling of the impact of low-carbon technologies, considering technical and commercial innovation projects, engaging with key stakeholders and owning a clear DSO vision.
Customer service performance Failure to protect the Company's customer service performance. This has the potential to severely damage the Company's reputation as one of the UK's top DNOs for customer satisfaction and adversely impact its performance against its regulated customer satisfaction financial incentive.	Well established customer service processes to respond to power loss, including storm readiness. Priority Service Register to protect vulnerable customers in the event of power loss. Implementation of a single emergency number to route emergency queries.

The Company continues to monitor and assess the impact of additional security risks as a result of terrorism, war and other world events and will put mitigating actions in place if and when appropriate.

ENGAGING WITH STAKEHOLDERS

The importance of engaging with stakeholders

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

Meaningful engagement with the Company's stakeholder groups supports the ethos of Section 172 of the Companies Act 2006 which states that directors should have regard to stakeholder interests when discharging their duty to promote, in good faith, the success of the Company for the benefit of its members as a whole. Details of how the Company engages with its stakeholders, and how these activities influence its operations, are set out on pages 6 to 10.

Key stakeholders

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

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

Shareholders are important to the Company. The Company's relationship with its shareholders is governed by the Company's Articles of Association and provisions of the Governance and Sustainability System which apply to the Company and ScottishPower, of which the Company is a member. As the Company is ultimately wholly-owned by Iberdrola, all ultimate shareholder management activities are carried out by Iberdrola in accordance with its own Ongoing Shareholder Engagement Policy as published at www.iberdrola.com under 'Corporate Governance' / 'Governance and Sustainability System' / 'Ongoing Shareholder Engagement Policy'.

PEOPLE

The Company employs 885 employees, working across a range of roles. The employees make a real difference in determining how successfully the Company operates. The creativity, innovation, and individuality of the Company's employees enable it to build on its future capability to operate effectively in a competitive market and continue to have aspirations which are challenging and rewarding. The Company respects and recognises the importance of individuality as part of its ongoing commitment to promoting a culture where individuality is celebrated. The Company also understands that being a diverse organisation goes beyond having legally compliant policies and practices; it includes a focus on creating an innovative, integrated organisation where people feel valued, inspiring them to perform at their best.

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STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

As part of ScottishPower, the Company's engagement with its employees is driven by the decisions, policies and procedures in place at a ScottishPower level. The directors of the Company ensure that in applying these ScottishPower decisions, policies and procedures they are meeting their duties to the Company.

Details of the following areas in relation to employee engagement which apply fully to the Company are provided in the most recent Annual Report and Accounts of SPL:

- training;
- employee feedback and consultation;
- inclusion and diversity;
- rewards and benefits;
- health and safety; and
- employee health and wellbeing.

Modern Slavery Statement

The term 'modern slavery' covers both slavery and human trafficking. ScottishPower, and therefore the Company, is committed to human and labour rights and to eliminating modern slavery that could in any way be connected to its business. In accordance with the Modern Slavery Act 2015, ScottishPower has produced its own Modern Slavery Statement, which is subject to annual approval by the board of directors of SPL. This statement is published on the ScottishPower website at: www.scottishpower.com.

ENERGY CUSTOMERS

Customers have every right to expect a good experience when they interact with the Company – whatever the reason. The Company is committed to delivering this, and to improving year-on-year against the standard industry-wide metrics. Understanding and responding to customers' needs is not only deep-rooted in the Company's culture, but is also essential to meeting the goals developed with stakeholders to guide its future plans. The Company's commitment to customers is reflected in its customer service scores which exceeded the required Ofgem benchmark.

Power cut support services

Customers, and especially those affected by situations of vulnerability, tell the Company that power cuts cause stress, anxiety and can pose a real threat to their safety and wellbeing. The Company can help customers manage these challenges by providing quick, clear, and accurate information before and during power cuts. When an emergency occurs and detriment to customers cannot be wholly prevented, the Company seeks to understand customers' needs and offer a range of welfare support services that include generators, the provision of hot food and a set of tailored support services. The Company's state-of-the-art Customer Relationship Management system further enhances its ability to offer customers timely and accurate information, cutting its response times, freeing up its colleagues' time so they can offer proactive and targeted support to those registered on the Priority Services Register during emergencies.

Engaging with stakeholders

To ensure the Company's strategy continues to be fit for purpose, Energy Networks enlists AccountAbility, an independent company, who own the global standard for stakeholder engagement (AA10000SE), to conduct a full health check audit of engagement strategy and processes. This is done to support a programme of continuous improvement and the development of high-quality stakeholder engagement practices. Energy Networks achieved 91% in the 2024 AccountAbility audit; obtaining the highest categorisation possible ('Advanced'). This represents an overall improvement of 25% since the first audit in 2018.

The Company continues to work closely to identify the needs of vulnerable customers and stakeholders as measured by the Ofgem Stakeholder Engagement and Consumer Vulnerability Incentive. Examples include continuing use of Strategic Optimiser teams to act as a conduit between local authorities and the technical optioneering for low-carbon technology, offering significant time and cost efficiencies, through local authorities having access to expert electricity network knowledge and the continued development of the Company's Customer Relationship Management system.

Within the Company's license area, over 89% of all eligible households are registered onto the Priority Services Register. This helps to deliver additional support when customers need it most. Focusing on its role in protecting vulnerable customers, the Company is on track to deliver against its vulnerability strategy commitments. On top of this, the Company, as part of Energy Networks, has now embedded its commercial delivery partners to ramp up the support and value which can be offered throughout RII0-ED2 to 100,000 customers experiencing fuel poverty or requiring support with low-carbon technologies.

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STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

The Independent Net Zero Advisory Council is an independent group of energy industry experts which was created by Energy Networks to bring the voice of customers and stakeholders into the heart of its business. It brings together 15 external experts to provide challenge and specialist knowledge to Energy Networks. The Independent Net Zero Advisory Council is chaired by renowned industry expert, Angela Love, who has over 30 years' experience of the UK and European gas and electricity markets.

Maintaining a reliable supply of electricity

Society rightly expects to consistently receive a reliable supply of electricity at the flick of a switch, which is why the Company strives to exceed its regulatory price control commitments and will continue to do so for RIIO-ED2. The Company serves its customers with 99.99% reliability levels for 40p per day, protecting the most vulnerable and ensuring supply to critical sites such as hospitals, nursing homes, water treatment works and food supply businesses.

Ensuring a just transition

Energy Networks published its own Just Transition Strategy in 2023, setting out the steps it will take to embed the principles of a fair and equitable transition into everything it does.

GOVERNMENT AND REGULATORS

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

Following the election of a Labour Government, the Company has been engaging with the new government on its approach towards energy policy and meeting the net zero challenge. This has included engaging on the detail of its plans for Clean Power 2030, and as part of the transition towards building a low-carbon economy, on a new National Wealth Fund, and on a new publicly owned energy company, Great British Energy, highlighting the importance of ensuring additionality and not crowding out private investment.

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

The Company has contributed to the wider external debate about the regulatory and industry measures required to tackle the critical backlog in network connections for new renewable generation projects, including the work being undertaken by the NESO and Ofgem to move towards a 'first ready, first needed, first connected' approach; these proposals are being developed through the formal industry code change process.

The need to accelerate the planning and consenting process for major new energy infrastructure projects was a key feature of the Company's engagement with the UK Government and the devolved administrations.

Further information in relation to engagement with government and regulators is set out in the Policy and regulation section of the Strategic Report.

SUPPLIERS AND CONTRACTORS

As part of ScottishPower, the Company's engagement with its suppliers and contractors is driven by the decisions, policies and procedures in place at a ScottishPower level. The directors of the Company ensure that in applying these ScottishPower decisions, policies and procedures they are meeting their duties to the Company.

As part of ScottishPower, whose mission it is to create a better future, quicker, the Company is always looking for new suppliers and contractors, and for ways to improve its working relationships with existing suppliers and contractors. The Company's aim is to develop and maintain strong relationships across its supply base with a focus on health and safety, quality, cost and sustainability. The Company expects its suppliers to operate to a high standard including working in an ethical and sustainable manner, and the Company has a range of policies that all suppliers must adhere to, including the ScottishPower Code of Conduct for Suppliers. The Company has built-in cyber security checks and monitoring as part of its tendering and supply chain relationships.

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STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

Engagement with the supply chain is always a critical activity for the Company but has become even more important as the Company adapts to geopolitical and macroeconomic challenges. In order to address any concerns on capacity and availability of the supply chain that could impact delivery, the Company has been taking a longer-term approach on contracting. Refer to the 'Principal risks and uncertainties' section for further details.

COMMUNITY AND ENVIRONMENT

Community

The Company highly values its relationship with local communities and sees them as essential stakeholders in its operations. Engaging with these communities is not only a priority but a core element of the Company's commitment to collaboration and its fundamental values.

The Company's goal is to be a trusted, respected, and fully integrated member of these communities. It strives to achieve this by operating with the highest integrity and transparency, actively participating in community activities, and building strong relationships. The Company has always been committed to ensuring the maximisation of its social dividend and creating a positive impact.

Delivering and being a trusted partner for customers, communities and stakeholders is a central pillar of the Company's RIIO-ED2 business plan and it continues to provide a strong service to its customers. The Company externally benchmarks customer service and is proud to have scored in the top five UK companies through the Institute of Customer Service benchmark 2023/24. A key element of its service is supporting vulnerable customers and communities.

As a DNO, the Company's priority is to always keep electricity flowing to its customers across its network, whilst supporting regional and national decarbonisation ambitions. This is becoming increasingly important as the world moves away from fossil fuels and adopts electric-powered alternatives. To ensure the Company's network is able to facilitate the growing number of low-carbon technologies, like EVs and heat pumps which connect to the grid, the Company has taken significant steps to support this in RIIO-ED2. At the local level, the Company has prioritised the proactive and reactive upgrading of looped properties. This allows these customers to quickly, safely and reliably connect low-carbon technologies when they are ready to do so.

At a broader level, the Company's Strategic Optimisation team has supported local, regional and national government bodies to develop energy plans and sought out new strategic relationships to achieve net zero. This team has worked with local authorities to develop their Local Area Energy Plans and have supported them in identifying the best options for EV public charging and heat electrification sites.

The Company is also involved in the Powering Wales Renewably innovation project, working on the creation of a digital twin of Wales' energy network. The project will identify priorities and address obstacles in the delivery of decarbonisation plans, using new digital technology. This will prepare the system for net zero while delivering benefits to Wales' citizens and communities.

Environment

The Company is committed to reducing its environmental footprint and responding to the risks and opportunities of climate change by: reducing emissions to air, land and water and preventing environmental harm; identifying and managing climate risks and opportunities, and implementing adaptation measures where required; minimising energy consumption and use of natural and human-made resources; sourcing material resources responsibly, cutting waste and encouraging reuse and recycling; and protecting natural habitats and restoring biodiversity.

Energy Networks' Transformer Workshop in the Manweb licence area refurbishes and reconditions obsolete secondary substation transformers to extend their life and reduce waste, aligning with circular economy principles. Transformers removed from the network are assessed for refurbishment suitability based on age, condition and compliance. Suitable units undergo rigorous performance and electrical testing, after which necessary repairs are made, including replacing bushings and creating new gaskets from recycled materials. Transformer oil is also regenerated, minimising the need for new resources. Refurbished transformers are redeployed, with post-refurbishment tests confirming service readiness. Since 2019, this process has saved 3,326 tCO₂e in emissions, with 647 tCO₂e saved in regulatory year 2023/24 alone (equivalent to 216 one-way flights from London to Australia) and has potential for wider application across ScottishPower.

SP MANWEB PLC

STRATEGIC REPORT *continued*

INNOVATION

It has never been more important that the Company continues to innovate and drive forward towards its decarbonised smart energy future. By championing innovative technologies, bringing down the costs of decarbonisation and ensuring that no communities are left behind on the road to net zero, the Company continues to lead by example in making sure clean, affordable energy is available to all.

The Company operates an open innovation model, recognising the value for its business of harnessing external ideas and expertise. Through this strategic approach, the Company engages and collaborates with partners, competitors and other organisations, generating ideas and inspiration to further the country's decarbonised future.

The Company consistently strives to push boundaries and set new standards, solidifying its position as an industry leader. The Company has continued to demonstrate its unwavering commitment and ability to exceed expectations in innovation. The Company carries out innovation with a focus on creating tangible benefits for its customers and accelerating progress towards the UK's decarbonisation targets. Throughout 2024, remarkable strides have been made in integrating innovation into the Company's everyday operations.

The Company's D-Suite project, in partnership with UK Power Networks, Newcastle University and Integrated Powertech, has been awarded over £8 million to explore the feasibility of using power electronic technologies on low-voltage networks to support the growth in low-carbon technologies by making available more capacity whilst mitigating costly network reinforcements.

SECTION 172 STATEMENT

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

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

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

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

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

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

- **Customers:** details of how the Company engages with its customers are explained in the 'Energy customers' section of the Strategic Report, on pages 7 and 8. During 2024, the Board received and noted the Company's most up-to-date available customer service scores.
- **Employees:** details of how Energy Networks, and so the Company, engages with its people are set out in the 'People' section of the Strategic Report, on pages 6 and 7. During 2024, the Board considered and approved the adoption by the Company of ScottishPower's 2023 Modern Slavery Statement during 2024.
- **Communities and the environment:** details of how the Company engages with communities and considers the environment are set out in the 'Community and environment' section of the Strategic Report, on pages 9 and 10. During 2024, the Board expressly noted that ongoing engagement with stakeholders and people in vulnerable situations, complemented by a sophisticated data strategy, had led the Company to build a comprehensive and accurate picture of customers' needs.

SP MANWEB PLC
STRATEGIC REPORT *continued*

SECTION 172 STATEMENT *continued*

- **Suppliers and contractors:** details of how Energy Networks, and so the Company, engages with its suppliers are set out in the 'Suppliers and contractors' section of the Strategic Report, on pages 8 and 9. During 2024, the Board expressly noted that the Company had built in cyber security checks and monitoring as part of its tendering and supply chain relationships.
- **Government and regulators:** details of how Energy Networks, and so the Company, engages with governments and regulators are set out in the 'Government and regulators' section of the Strategic Report, on page 8. During 2024, the Board noted that Energy Networks, and so the Company, had continued its engagement with governments, Ofgem and other stakeholders on the RIIO-ED2 price controls.

In addition, a statement in relation to the Company's interaction with its shareholders is described in the introduction to the 'Engaging with stakeholders' section of the Strategic Report on page 7.

The directors, both individually and together as a board, consider that the decisions taken during the year ended 31 December 2024 in discharging the function of the Board, were in conformance with their duty under Section 172 of the Companies Act 2006.

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

ON BEHALF OF THE BOARD



Scott Mathieson
Director
24 June 2025

SP MANWEB PLC DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2024.

INFORMATION CONTAINED WITHIN THE STRATEGIC REPORT

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be included in the Directors' Report, within the Strategic Report, found on pages 1 to 11:

- information on financial risk management and policies;
- information regarding future developments of the Company's business;
- information in relation to innovation activities; and
- information on employee regulations and policies.

RESULTS AND DIVIDEND

The net profit for the year amounted to £149.2 million (2023 £58.2 million). A dividend of £68.5 million was paid during the year (2023 £63.2 million).

CORPORATE GOVERNANCE

Statement regarding the corporate governance arrangements of the SPENH Group

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

The ultimate parent of the Company is Iberdrola, S.A., whose shares are listed on all four stock markets in Spain. The Company, which has as its direct parent company SPENH and is part of the SPENH Group, does not apply a corporate governance code on the basis that it, as part of the SPENH Group, has adopted the rules and principles of the SPENH Group as they have been set by the board of directors of SPENH ("the SPENH Board"), in accordance with its terms of reference and the Foundations for the Definition and Coordination of the Iberdrola Group, all of which are based on widely recognised good governance recommendations ("the SPENH Group corporate governance system"). Those rules and principles of the SPENH Group corporate governance system that applied to the Company as part of the SPENH Group during 2024 are set out below:

The terms of reference of the SPENH Board and the SPENH Audit Compliance Committee, together with the rest of the SPENH Group corporate governance system, are published on www.spenergynetworks.co.uk under 'Corporate Governance'.

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

Corporate governance system

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

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

Board composition

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

Vicky Kelsall	(resigned 30 June 2024)
Scott Mathieson	
Alison McGregor	(resigned 22 August 2024)
Liam O'Sullivan	
Rt Hon. Charles Hendry	
Gillian Elizabeth King	(appointed 19 June 2024)
Nicola Connelly	(appointed 1 July 2024)
Lord Hutton of Furness	(appointed 16 July 2024)

SP MANWEB PLC

DIRECTORS' REPORT *continued*

CORPORATE GOVERNANCE *continued*

Lord Hutton of Furness resigned as a director on 5 May 2025.

There is no separate Appointments Committee within the SPENH Group. Instead, appointment matters relevant to the SPENH Group and the Company are dealt with in accordance with an internal group procedure for approving proposed appointments or removals of directors at companies in which the Iberdrola Group holds an interest.

Purpose and values

The structure of the Company, and the SPENH Group, is set out in the Strategic Report. During 2024, the Board has taken into account the Purpose and Values of the Iberdrola Group which are published on www.spenergynetworks.co.uk under 'Corporate Governance'. This document defines and promotes the purpose the purpose and values of the Company and the SPENH Group.

Director responsibilities

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

The SPENH Board has the necessary autonomy to carry out the day-to-day management and effective administration of Energy Networks, as well as responsibility for its ordinary control.

Further relevant information on the administrative, management and supervisory bodies of the boards of the Company's parents, as they are pertinent to the SPENH Group and the Company, are described in the section below.

Opportunity and risk

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

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

During 2024, the governance structure was supported by the risk policies of the SPENH Group. Its business risk assessment team and independent risk management function supported the Board in the execution of due diligence and risk management, as described in the 'Principal risks and uncertainties' section of the Strategic Report.

Remuneration

The directors of the Company are subject to an annual evaluation of their performance in respect of their executive responsibilities as part of the performance management framework which is in place throughout the SPENH Group.

There is no separate Remuneration Committee within the SPENH Group. Instead, remuneration matters relevant to the SPENH Group and the Company are dealt with in accordance with the aforementioned performance management framework.

Stakeholders

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

Administrative, management and supervisory bodies

SPL Board

The primary responsibilities of the SPL Board, which has its own management team, include disclosing, implementing, and ensuring compliance with the policies, strategies and general guidelines of ScottishPower overall, in accordance at all times with the provisions of all applicable legislation and regulations.

The SPL Board comprised the Chairman, José Ignacio Sánchez Galán, who is also the Executive Chairman of Iberdrola, and eight other directors as at 31 December 2024.

SP MANWEB PLC

DIRECTORS' REPORT *continued*

CORPORATE GOVERNANCE *continued*

The directors of the SPL Board were:

José Ignacio Sánchez Galán	Chairman, internal, non-executive director
Professor Sir James McDonald	Vice-Chairman, external, non-executive director
Keith Anderson	Chief Executive Officer (CEO)
Wendy Jacqueline Barnes	External, non-executive director
Iñigo Fernández de Mesa Vargas	External, non-executive director
Professor Dame Anne Glover	External, non-executive director
Daniel Alcain López	Internal, non-executive director
Gerardo Codes Calatrava	Internal, non-executive director
José Sainz Armada	Internal, non-executive director

Meetings of the SPL Board were held on six occasions during the year under review. Attendance by the directors was as follows:

José Ignacio Sánchez Galán	Attended six meetings
Professor Sir James McDonald	Attended six meetings
Keith Anderson	Attended six meetings
Wendy Jacqueline Barnes	Attended six meetings
Iñigo Fernández de Mesa Vargas	Attended six meetings
Professor Dame Anne Glover	Attended six meetings
Daniel Alcain López	Attended six meetings
Gerardo Codes Calatrava	Attended six meetings
José Sainz Armada	Attended six meetings

Professor Dame Anne Glover resigned as a director on 26 March 2025. Lord Hutton of Furness was appointed as an external, non-executive director on 6 May 2025.

The terms of reference of the SPL Board are published on the SPL Corporate website.

SP ACC

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

The SP ACC's responsibilities include:

- monitoring the financial and non-financial information preparation processes for ScottishPower;
- overseeing the independence and efficiency of ScottishPower's Internal Audit department;
- overseeing and reviewing the activities of ScottishPower's compliance and risk management departments;
- monitoring the statutory audit of the Annual Report and Accounts of ScottishPower; and
- monitoring the independence of the external auditor and recommending to the SPL Board the appointment or reappointment of the auditor and the associated terms of engagement.

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

Membership and attendance

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

Iñigo Fernández de Mesa Vargas	Chairman, external, non-executive director	Attended five meetings
Wendy Jacqueline Barnes	External, non-executive director	Attended five meetings
Daniel Alcain López	Internal, non-executive director	Attended five meetings

Lord Hutton of Furness was appointed as a member of the SP ACC on 6 May 2025.

In addition to the attendance set out, the ScottishPower Chief Financial Officer (previously, Control and Administration Director), the Director of Internal Audit and Risk (previously, Director of Internal Audit) and the Compliance Director normally attend, by invitation, all meetings of the SP ACC.

SP MANWEB PLC

DIRECTORS' REPORT *continued*

CORPORATE GOVERNANCE *continued*

Other members of senior management are also invited to attend as appropriate. During the year under review, the external auditor attended (in part) four meetings of the SP ACC.

Matters considered by the SP ACC during 2024

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

ScottishPower Management Committee ("SPMC")

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

ScottishPower Executive Committee ("SP ExCom")

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

The SP ExCom is comprised of the Chairman and the CEO of the SPL Board, together with two non-executive directors of the same (of which one is an external director).

SPENH Board

The SPENH Board is responsible for the effective management of Energy Networks and NWEN, in accordance with the strategy of the SPENH Group. The SPENH Board meets regularly and reviews strategy, operational performance and risk issues on behalf of the SPENH Group.

The SPENH Board comprised the Chair, Ana T. Lafuente González, and six other directors as at 31 December 2024. The directors, and their attendance at SPENH Board meetings held during the period under review (five meetings), were as follows:

Elena León Muñoz	Chair, internal, non-executive director	Attended no meetings (resigned 17 January 2024)
Ana T. Lafuente González	Chair, internal, non-executive director	Attended five meetings (appointed 25 January 2024)
Vicky Kelsall	CEO	Attended three meetings (resigned 30 June 2024)
Nicola Connelly	CEO	Attended two meetings (appointed 1 July 2024)
Alison McGregor	External, non-executive director	Attended three meetings (resigned 22 August 2024)
Gillian King	External, non-executive director	Attended three meetings (appointed 19 June 2024)
Rt Hon. Charles Hendry	External, non-executive director	Attended five meetings
Lord Hutton of Furness	External, non-executive director	Attended two meetings (appointed 15 July 2024)
Mónica Grau Domene	Internal, non-executive director	Attended five meetings
José Ignacio Sánchez-Galán	Internal, non-executive director	Attended four meetings
García-Tabernero		

Douglas Ness was appointed as an internal, executive director on 20 March 2025. Mónica Grau Domene resigned as an internal, non-executive director on 21 March 2025. Ana T. Lafuente González resigned as Chair of the Board on 26 March 2025 and Keith Anderson was appointed as Chair of the Board on the same date. Ana T. Lafuente González remains on the Board as an internal, non-executive director. Lord Hutton of Furness resigned as a director on 5 May 2025.

The terms of reference of the SPENH Board together with rest of the Energy Networks Governance and Sustainability System approved by the SPENH Board, are published on www.spenergynetworks.co.uk under 'Corporate Governance' and further define the responsibilities and powers of the SPENH Board as regards the Energy Networks business and its stakeholders.

SP MANWEB PLC

DIRECTORS' REPORT *continued*

CORPORATE GOVERNANCE *continued*

SPENH Audit and Compliance Committee ("SPENH ACC")

The SPENH ACC undertakes the role and function of the SP ACC as they relate to the regulated Energy Networks division. The relationship between the SP ACC and the SPENH ACC is governed in accordance with their respective terms of reference. The SPENH ACC's terms of reference are published at www.spenergynetworks.co.uk under 'Corporate Governance' and further define the responsibilities of the SPENH ACC.

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

The SPENH ACC met five times during the year under review. The members of the SPENH ACC and their attendance record are shown below:

Alison McGregor	Chair, external, non-executive director	Attended three meetings (resigned 22 August 2024)
Gillian King	Chair, external, non-executive director	Attended two meetings (appointed 19 June 2024 and further appointed Chair on 26 August 2024)
Rt Hon. Charles Hendry	External, non-executive director	Attended five meetings
Mónica Grau Domene	Internal, non-executive director	Attended five meetings

Douglas Ness was appointed as an internal, executive director on 20 March 2025. Mónica Grau Domene resigned as a director on 21 March 2025.

The SPENH ACC's responsibilities include (to the extent applicable to Energy Networks and NWEN):

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

The issues that the SPENH ACC specifically addressed are detailed in its report which is published on www.spenergynetworks.co.uk under 'Corporate Governance' / 'Board of Directors'.

Significant financial statement reporting issues

During the year the SPENH ACC reviewed and considered regulatory inquiries.

DIRECTORS' INDEMNITY

In terms of the Company's Articles of Association, a qualifying indemnity provision is in force for the benefit of all the directors of the Company and has been in force during the financial year. In addition, the directors have been granted a qualifying third party indemnity provision, which continues in force.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

SP MANWEB PLC

DIRECTORS' REPORT *continued*

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS *continued*

- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Disclosure of information to auditor

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

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

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

AUDITOR

KPMG LLP was re-appointed as the auditor of the Company for the year ending 31 December 2025.

ON BEHALF OF THE BOARD



Scott Mathieson
Director
24 June 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SP MANWEB PLC

1 Our opinion is unmodified

We have audited the financial statements of SP Manweb plc ("the Company") for the year ended 31 December 2024 which comprise the Statement of financial position, Income statement and statement of comprehensive income, Statement of changes in equity, and the related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We were first appointed as auditor by the directors on 11 January 2018. The period of total uninterrupted engagement is for the eight financial years ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2023), in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Capital expenditure

(£274.4 million; 2023 £230.8 million)

Refer to page 27 (accounting policy) and page 31 (financial disclosures).

The risk – Accounting Treatment – The Company continues to undertake major capital spend, including significant enhancements to the distribution networks. Property, plant and equipment (including those assets in the course of construction) is quantitatively the most significant amount on the Company's Statement of financial position and is the most significant area of audit effort. The determination of project costs as capital or operating expenditure is inherently judgmental as there is a need to distinguish between enhancement and maintenance works.

Our response – We assessed the Company's capitalisation policy for compliance with relevant accounting standards. Our procedures included:

Control design and observation: Evaluating the design and operating effectiveness of a selection of the Company's controls over the capital expenditure process including the approval of the capital expenditure. Tests of effectiveness were performed by re-performing a sample selected on the basis of the frequency of control operation and were designed to verify that appropriate procedures were followed in each instance.

Test of details: We critically assessed the capital nature of a statistical sample of additions to property plant and equipment in the year. We assessed the adequacy of the Company's disclosures of its capitalisation policy.

Our results – We found the accounting treatment and related disclosures for capital expenditure to be acceptable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SP MANWEB PLC *continued*

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

Materiality for the financial statements as a whole was set at £22 million (2023 £19.5 million), determined with reference to a benchmark of total assets, of which it represents 0.5% (2023 0.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual accounts balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2023 75%) of materiality for the financial statements as a whole, which equates to £16.6 million (2023 £14.6 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the SPENH Audit Committee any corrected or uncorrected identified misstatements exceeding £1.1 million (2023 £0.975 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

4 Going concern

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

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

We considered whether the going concern disclosure in Note 1B3 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in Note 1B3 to be acceptable.

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

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

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the internal audit function, the group's legal function and the compliance function and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group Audit and Compliance Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SP MANWEB PLC *continued*

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

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

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 due to non-compliance with laws and regulations

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

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

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

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

We discussed with the Audit and Compliance Committee other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

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 this 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SP MANWEB PLC *continued*

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

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 16 and 17, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St. Vincent Street

Glasgow

G2 5AS

25 June 2025

SP MANWEB PLC
STATEMENT OF FINANCIAL POSITION
at 31 December 2024

	Notes	2024 £m	2023 £m
NON-CURRENT ASSETS			
Intangible assets		5.5	2.0
Property, plant and equipment	3	3,829.6	3,623.7
Right-of-use assets	4	52.7	55.3
Trade and other receivables		0.1	0.9
		3,887.9	3,681.9
CURRENT ASSETS			
Inventories	5	40.3	31.7
Trade and other receivables	6	184.4	181.1
Current tax asset		-	15.5
Cash		2.6	12.9
		227.3	241.2
TOTAL ASSETS		4,115.2	3,923.1
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
Share capital		300.0	300.0
Share premium		3.3	3.3
Other reserves		6.0	6.0
Retained earnings		565.1	484.4
TOTAL EQUITY		874.4	793.7
NON-CURRENT LIABILITIES			
Deferred income	7	611.4	589.1
Provisions	8	1.7	1.2
Loans and other borrowings	9	1,819.4	1,869.1
Other financial liabilities		0.1	0.3
Lease liabilities	4	50.2	51.9
Deferred tax liabilities	10	369.8	326.3
		2,852.6	2,837.9
CURRENT LIABILITIES			
Deferred income	7	18.2	19.5
Provisions	8	0.4	11.3
Loans and other borrowings	9	116.0	15.3
Other financial liabilities		0.2	0.1
Lease liabilities	4	6.2	6.1
Trade and other payables	11	238.0	239.2
Current tax liabilities		9.2	-
		388.2	291.5
TOTAL LIABILITIES		3,240.8	3,129.4
TOTAL EQUITY AND LIABILITIES		4,115.2	3,923.1

Approved by the Board and signed on its behalf on 24 June 2025:



Scott Mathieson
Director

The accompanying Notes 1 to 22 are an integral part of the Statement of financial position at 31 December 2024.

SP MANWEB PLC
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

		2024	2023
	Notes	£m	£m
Revenue	12	588.3	503.9
Procurements		(23.1)	(41.5)
GROSS MARGIN		565.2	462.4
Staff costs	13	(18.1)	(17.5)
External services		(116.7)	(118.4)
Other operating results		6.9	7.6
Net operating costs		(127.9)	(128.3)
Taxes other than income tax	14	(28.5)	(25.9)
GROSS OPERATING PROFIT		408.8	308.2
Net expected credit losses on trade and other receivables		(0.5)	0.4
Depreciation and amortisation charge, allowances and provisions	15	(109.5)	(129.2)
OPERATING PROFIT		298.8	179.4
Dividends received		0.1	0.2
Finance income	16	7.2	1.3
Finance costs	17	(107.9)	(92.7)
PROFIT BEFORE TAX		198.2	88.2
Income tax	18	(49.0)	(30.0)
NET PROFIT FOR THE YEAR		149.2	58.2

Net profit for both years is wholly attributable to the equity holders of SP Manweb plc.

Net profit for both years comprises total comprehensive income.

All results relate to continuing operations.

The accompanying Notes 1 to 22 are an integral part of the Income statement and statement of comprehensive income for the year ended 31 December 2024.

SP MANWEB PLC
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024

	Share capital (Note (a)) £m	Share premium (Note (b)) £m	Other reserves (Note (c)) £m	Retained earnings (Note (d)) £m	Total £m
At 1 January 2023	300.0	3.3	6.0	489.4	798.7
Profit for the year attributable to the equity holders of the Company	-	-	-	58.2	58.2
Dividends	-	-	-	(63.2)	(63.2)
At 1 January 2024	300.0	3.3	6.0	484.4	793.7
Profit for the year attributable to the equity holders of the Company	-	-	-	149.2	149.2
Dividends	-	-	-	(68.5)	(68.5)
At 31 December 2024	300.0	3.3	6.0	565.1	874.4

- (a) At 31 December 2024, the Company had 600,000,000 allotted, called up and fully paid ordinary shares of 50p each (2023 600,000,000). Holders of these ordinary shares are entitled to dividends as declared from time to time; amounts on the capitalisation of profits and reserves; and notice and attendance at general meetings of the Company, with every member entitled to one vote on a show of hands and on a poll one vote for every share held.
- (b) Share premium represents consideration received for shares issued in excess of their nominal amount.
- (c) Other reserves comprises the nominal value of the Company's ordinary share capital purchased by the Company in previous years.
- (d) Retained earnings comprise the cumulative balance of profits and losses recognised in the financial statements as adjusted for transactions with shareholders, principally dividends.

The accompanying Notes 1 to 22 are an integral part of the Statement of changes in equity for the year ended 31 December 2024.

SP MANWEB PLC
NOTES TO ACCOUNTS
31 December 2024

1 BASIS OF PREPARATION

A COMPANY INFORMATION

SP Manweb plc, registered company number 02366937, is a private company limited by shares, incorporated in England and Wales and its registered office is 3 Prenton Way, Prenton, CH43 3ET.

B BASIS OF PREPARATION

B1 BASIS OF PREPARATION OF THE ACCOUNTS

The Accounts are prepared in accordance with the accounting policies set out in Note 2. Monetary amounts are presented in pounds Sterling and rounded to the nearest hundred thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis.

The Accounts have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). In applying FRS 101, the Company has made amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- the preparation of a Statement of cash flows and the related notes;
- comparative period reconciliations for property, plant and equipment and right-of-use assets;
- disclosures in respect of transactions with wholly-owned subsidiaries of Iberdrola, S.A.;
- disclosures in respect of capital management;
- the effects of new, but not yet effective, International Accounting Standards ("IAS") pronouncements; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of SPUK include the equivalent disclosures, the Company has also taken the following available exemptions under FRS 101:

- certain disclosures required by IFRS 13 'Fair Value Measurement';
- disclosures required by IAS 12 'Income Taxes' relating to Pillar Two model rules in respect of deferred tax assets and liabilities; and
- disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

The Company has one operating segment.

B2 CHANGE IN ESTIMATE – USEFUL LIVES OF ONSHORE UNDERGROUND CABLES

During the year, the Company increased the estimated useful life of its onshore underground cable assets from 40 years to 60 years, in order to better align the accounting estimate with the wider industry and the physical life span of the assets. This change in estimate was applied prospectively from 1 January 2024. The impact of this change for the period to 31 December 2024 has been a decrease to the depreciation charge of £22.7 million and a decrease to the deferred income relating to the transfer of assets from customers, which is released to revenue over the life of the associated assets, of £2.1 million. It is impracticable to estimate the effect of these changes on future periods.

B3 GOING CONCERN

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

The principal activity of the Company is the ownership of the electricity distribution network in Cheshire, Merseyside, North Shropshire, and North Wales within the group headed by SPUK ("the SPUK Group"), the Company's intermediate parent company. The Company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations and have been considered as part of the SPUK Group's cash flow forecasts, on which the directors of the SPUK Group have performed an assessment of reasonably possible downsides.

Cash and liquidity are managed centrally by the ScottishPower Treasury function, with working capital requirements of the Company funded by SPL, the parent company of SPUK, who also operate a cash pooling arrangement, which the Company is party to. Centralised funding and cash management aligns with the Iberdrola Group model.

The directors have performed a going concern assessment which indicates that, in both the base case and reasonably possible downsides, the Company will require additional funds, through funding from SPUK, to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements, the going concern assessment period.

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

1 BASIS OF PREPARATION *continued*

The Company has net current liabilities of £160.9 million. Notwithstanding this, SPUK has indicated its intention to continue to make available such funds as are needed by the Company. Loan repayments due to SPUK within twelve months from the date of these financial statements of £40.0 million were repaid in March 2025. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

C ACCOUNTING STANDARDS

C1 IMPACT OF NEW IAS

In preparing these Accounts, the Company has applied all relevant standards and interpretations that have been adopted by the UK as of the date of approval of these Accounts and that are mandatory for the financial year ended 31 December 2024.

For the year ended 31 December 2024, the following amendments to standards have been issued and are applicable for the Company for the first time. Where relevant, their application has not had a material impact on the Company's accounting policies, financial position or performance:

- Amendments to IFRS 16 'Leases: Lease Liability in a Sale and Leaseback'
- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-current' and 'Deferral of Effective Date' and 'Non-current Liabilities with Covenants'
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures': 'Supplier Finance Arrangements'

In January 2021, the International Accounting Standards Board ("IASB") published its exposure draft 'Regulatory Assets and Regulatory Liabilities'. The IASB expects to publish the new Standard in the second half of 2025. The Company is monitoring this project and considering its impact on the Company and adoption options.

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES

Management may be required to make a number of judgements and assumptions regarding the future and about other sources of estimation uncertainty at the end of the reporting period that may have a significant risk of resulting in a material adjustment to the reported amounts of assets and liabilities within the next financial year. The Company has no such significant judgements or estimation uncertainties.

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

Property, plant and equipment is depreciated over the estimated operational lives of the assets. The useful economic lives applied are estimated by management based on their experience and reviewed at least annually. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively.

Additionally, consideration has been given to any estimates over the longer-term which should be disclosed to allow for an understanding of the financial statements. The Company has no estimates of this nature to disclose.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in preparing the financial statements are set out below. In the process of determining and applying these accounting policies, judgement, apart from those involving estimations (as noted above), is often required that can significantly affect the amounts recognised in the financial statements. Management has made no such judgements.

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

A PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and depreciated on a straight-line basis over the estimated operational lives of the assets once commissioned. Property, plant and equipment includes capitalised employee costs, interest, lease depreciation and other directly attributable costs.

Borrowing costs directly attributable to the acquisition, construction or production of major qualifying assets (i.e. 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. Property, plant and equipment also includes transfers of assets from inventories being generic maintenance parts which are capitalised once used in the construction of significant assets. Reviews of the estimated remaining lives and residual values of property, plant and equipment are undertaken annually. Residual values are assessed based on prices prevailing at each reporting date.

Land is not depreciated. The main depreciation periods used by the Company are set out below.

	Years		
Distribution facilities	40	-	60
Smart meters and measuring devices	2	-	23
Other facilities	4	-	50

B LEASED ASSETS

A contract is, or contains a lease if, at its 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 Company uses the definition of a lease in IFRS 16 '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.

The Company has elected not to separate non-lease components and thus accounts for the lease and non-lease components in a contract as a single lease component.

As a lessee, the Company 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. The Company presents right-of-use assets within Non-current assets in the Statement of financial position and the depreciation charge is recorded within Depreciation, amortisation and provisions in the Income statement and statement of comprehensive income.

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 Company's incremental borrowing rate, 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

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company 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 Company changes its 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, or in profit or loss if the carrying amount of the right-of-use asset is zero.

The Company presents lease liabilities 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 Income statement and statement of comprehensive income.

The Company has elected not to recognise right-of-use assets and lease liabilities for certain short-term leases that have a lease term of twelve months or less, and leases of intangible assets. The Company recognises any lease payments associated with such leases as an expense on a straight-line basis over the lease term.

C IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND LEASED ASSETS

At each reporting date, the Company reviews the carrying amount of its property, plant and equipment and leased assets 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 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 Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment is recognised in the Income statement and statement of comprehensive income 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.

D 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.

D1 FINANCIAL ASSETS

D1.1 CLASSIFICATION

Financial assets are classified as measured at amortised cost. The classification of financial assets depends on the Company's business model for managing them to generate cash flows.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The business model of the Company does not depend on the intentions of management for an individual instrument. Therefore, it is not an instrument-by-instrument classification approach but determined from a higher level of aggregation.

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. This assessment is referred to as the 'SPPI' test.

Financial assets are only subsequently reclassified when the Company changes its business model for managing them. Reclassifications are effective from the first day of the first reporting period following the change in business model. Such reclassifications are expected to be infrequent.

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

On demand loans receivable are classified as non-current in the Statement of financial position unless the Company expects to realise the assets within twelve months after the reporting date, in which case the loans are classified as current.

D1.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

All financial assets, except for trade receivables which are initially recognised when they originate, are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. The exception is trade receivables without a significant financing component which are measured at the transaction price determined under IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15").

(b) Subsequent measurement and gains and losses

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. Interest income, foreign exchange gains and losses, and net credit losses are recognised in the Income statement and statement of comprehensive income. Any gain or loss on derecognition is also recognised in the Income statement and statement of comprehensive income.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when either the rights to receive cash flows from the asset have expired or there is no reasonable expectation of recovering all, or a portion of, the contractual cash flows.

D2 FINANCIAL LIABILITIES

D2.1 CLASSIFICATION

Financial liabilities are classified as measured amortised cost.

D2.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(b) Subsequent measurement and gains and losses

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Income statement and statement of comprehensive income. Any gain or loss on derecognition is also recognised in the Income statement and statement of comprehensive income. This is the category most relevant to the Company as it includes interest-bearing loans and borrowings, and trade and other payables.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees, or costs that are an integral part of the effective interest rate. The effective interest charge is included as Finance costs in the Income statement and statement of comprehensive income.

(c) Derecognition

The Company derecognises a financial liability when the obligation under that liability is discharged, cancelled or expires. 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 the Income statement and statement of comprehensive income.

E INVENTORIES

Inventories, which comprise plant maintenance spares, are valued at the lower of cost and net realisable value. Cost includes all directly attributable costs incurred in bringing the inventories to their present location and condition.

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

F REVENUE

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and services. All revenue arises from operations within the UK.

(a) Electricity distribution

The Company provides the service of making its distribution network available to customers. This performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits of the Company's performance as it makes the distribution network available. The Company has a right to consideration in an amount that corresponds directly with the value to the customer of the Company's performance to date. Therefore, revenue is recognised in the amount to which the Company has a right to invoice based on the amount of allowed revenue for the year set by the regulatory price control. As allowed revenues are set in advance, some of the underlying components are forecast which will be trued up in future periods based on actual performance (such as incentives). 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). Due to the nature of the electricity settlements industry process, revenue includes unbilled income recognised as a receivable relating to units transferred over the network but not yet invoiced at the end of the year. Invoices are raised one month in arrears and are typically settled within one month.

(b) Transfers of assets from customers

Pursuant to the applicable industry regulations, the Company receives contributions from its customers for the construction of grid connection facilities or is assigned assets used to connect those customers to a network. Both the cash and the fair value of the facilities received are credited to Deferred income in the Statement of financial position (this is a contract liability). Revenue is subsequently recognised in line with the period over which the facilities are depreciated.

G PROCUREMENTS

Procurement costs principally comprise use of system charges from the system operator, National Grid. Costs are recorded on an accruals basis.

H EXTERNAL SERVICES

The Company presents its Income statement and statement of comprehensive income grouping expenses according to their nature. Operating costs that are not specifically disclosed as staff costs or within other operating results are presented within External services. External services is principally comprised of business support costs and inspection and maintenance costs.

I RETIREMENT BENEFITS

ScottishPower operates two defined benefit schemes and one defined contribution retirement benefit scheme in the UK. SP Manweb plc is a participating company in these group arrangements, and the contributions for the defined benefit schemes are based on pension costs across all the participating companies. The Company is unable to identify its share of the underlying assets and liabilities in the defined benefit schemes, as the scheme administrators do not calculate these separately for each of the various companies participating in the schemes and therefore treats these schemes as if they were defined contribution schemes. The amount charged to the Income statement and statement of comprehensive income in respect of pension costs is the contributions payable in the year.

J TAXATION

Assets and liabilities for current tax are calculated using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable, or recoverable, on the difference 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

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES *continued*

probable that taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income statement and statement of comprehensive income. For income tax arising on dividends, the related tax is recognised in the Income statement and statement of other comprehensive income, or in equity consistently with the transactions that generated the distributable profits.

3 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in property, plant and equipment

	Distribution facilities £m	Smart meters and measuring devices £m	Other items of property, plant and equipment in use (Note (i)) £m	Plant in the course of construction £m	Total £m
Cost:					
At 1 January 2024	4,920.8	32.4	37.0	251.8	5,242.0
Additions	-	-	6.7	267.7	274.4
Transfers from plant in the course of construction to plant in use	265.8	-	0.9	(266.7)	-
Transfers from inventories	-	-	-	35.7	35.7
Disposals	(12.2)	-	-	(0.2)	(12.4)
At 31 December 2024	5,174.4	32.4	44.6	288.3	5,539.7
Depreciation:					
At 1 January 2024	1,576.6	32.0	9.7	-	1,618.3
Depreciation for the year	101.8	0.1	2.0	-	103.9
Disposals	(12.1)	-	-	-	(12.1)
At 31 December 2024	1,666.3	32.1	11.7	-	1,710.1
Net book value:					
At 31 December 2024	3,508.1	0.3	32.9	288.3	3,829.6
At 1 January 2024	3,344.2	0.4	27.3	251.8	3,623.7

The net book value of Property, plant and equipment at 31 December can be analysed as follows:

	2024 £m	2023 £m
Property, plant and equipment in use	3,541.3	3,371.9
Property, plant and equipment in the course of construction	288.3	251.8
	3,829.6	3,623.7

- (i) Other items of property, plant and equipment in use principally comprises other technical installations, communications facilities and land.
- (ii) Plant in the course of construction principally comprises distribution facilities in the course of construction.
- (iii) The cost of fully depreciated property, plant and equipment still in use at 31 December 2024 was £122.9 million (2023 £122.2 million).
- (iv) Included within the cost of property, plant and equipment at 31 December 2024 are assets in use not subject to depreciation, being land of £6.0 million (2023 £6.0 million).

4 LEASING

(a) Nature of leases

Land

The Company holds agreements to lease land and for the assignment of rights to use land, primarily relating to operational assets, with lease terms running between 6 and 40 years. Certain agreements contain the right to extend the terms by up to 50 years and others can be terminated with appropriate notice, ranging between 40 days and twelve months notice.

Vehicles

The Company leases vehicles with lease terms of between six and ten years, primarily being pool vehicles to mobilise its operational staff and other specialist vehicles. Certain leases can be extended by up to one year. Other vehicle leases are considered short-term and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

4 LEASING *continued*

Extension options

Some leases, in particular of land, contain extension options exercisable by the Company at the end of the non-cancellable contract period or an agreed point before that date. Where practicable, the Company seeks to include extension options in leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. At lease commencement, the Company will assess whether it is reasonably certain to exercise the extension options and reassesses this if there is a significant event or change in circumstances within its control.

(b) Right-of-use assets

	Note	Land £m	Vehicles £m	Other £m	Total £m
Cost:					
At 1 January 2024		55.1	24.2	3.5	82.8
Additions		1.2	-	-	1.2
Adjustments for changes in liabilities	(i)	2.8	-	0.4	3.2
Disposals		(0.4)	(1.1)	(0.4)	(1.9)
At 31 December 2024		58.7	23.1	3.5	85.3
Depreciation:					
At 1 January 2024		10.5	15.5	1.5	27.5
Charge for the year		2.5	4.1	0.3	6.9
Disposals		(0.4)	(1.0)	(0.4)	(1.8)
At 31 December 2024		12.6	18.6	1.4	32.6
Net book value:					
At 31 December 2024		46.1	4.5	2.1	52.7
At 1 January 2024		44.6	8.7	2.0	55.3

- (i) Adjustments for changes in liabilities are movements in the right-of-use asset resulting from remeasurement of the associated lease liability to reflect changes to the lease payments due to any reassessment or lease modifications.
(ii) There are no right-of-use assets measured at revalued amounts.

(c) Lease liabilities

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

	2024 £m	2023 £m
Less than one year	7.0	7.0
One to five years	16.8	19.1
More than five years	53.5	52.1
Total undiscounted lease liabilities at 31 December	77.3	78.2
Finance cost	(20.9)	(20.2)
Total discounted lease liabilities	56.4	58.0
Analysis of total lease liabilities		
Non-current	50.2	51.9
Current	6.2	6.1
Total	56.4	58.0

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

(d) Amounts recognised in Income statement and statement of comprehensive income

	Notes	2024 £m	2023 £m
Interest on lease liabilities		(1.9)	(1.7)
Expenses relating to short-term leases	(i)	(3.7)	(3.3)

- (i) This charge relates to leases for plant and equipment which are considered short-term. Future commitments relating to the portfolio of short-term leases entered into for the next financial year are not expected to be materially different from the expense charged in the year.

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

4 LEASING *continued*

(e) Total cash outflow for leases

	2024	2023
	£m	£m
Total cash outflow for leases	(11.0)	(10.1)

5 INVENTORIES

	2024	2023
	£m	£m
Inventories	40.3	31.7

6 CURRENT TRADE AND OTHER RECEIVABLES

		2024	2023
	Notes	£m	£m
Receivables due from related parties		8.6	7.5
Receivables due from related parties – loans	(a)	91.9	97.1
Trade receivables (including unbilled revenue)	(b)	83.0	75.8
Prepayments		0.2	-
Other tax receivables		0.7	0.7
		184.4	181.1

(a) Current loans due from Iberdrola Group companies are receivable on demand with interest linked to the Bank of England base rate ("Base").

(b) Trade and other receivables includes £82.3 million (2023 £79.1 million) of IFRS 15 receivables.

7 DEFERRED INCOME

7 DEFERRED INCOME		Transfer of assets from customers £m
At 1 January 2023		583.4
Disposals		(0.2)
Receivable during year		44.6
Released to Income statement and statement of comprehensive income		(19.2)
At 31 December 2023 and 1 January 2024		608.6
Receivable during year		39.3
Released to Income statement and statement of comprehensive income		(18.3)
At 31 December 2024		629.6
	2024	2023
Analysis of total deferred income	£m	£m
Non-current	611.4	589.1
Current	18.2	19.5
	629.6	608.6

Transfer of assets from customers is an IFRS 15 contract liability.

8 PROVISIONS

	Provisions £m
At 1 January 2023	2.0
New provisions	11.1
Released during year	(0.6)
At 31 December 2023 and 1 January 2024	12.5
New provisions	0.8
Utilised during year	(4.0)
Released during year	(7.2)
At 31 December 2024	2.1

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

8 PROVISIONS *continued*

	2024	2023
	£m	£m
Analysis of total provisions		
Non-current	1.7	1.2
Current	0.4	11.3
	2.1	12.5

From time to time, regulatory bodies, including Ofgem, open inquiries with the Company in relation to compliance with licences, laws and regulations, and the Company works proactively with those relevant authorities. Provisions recognised at 31 December 2023 related primarily to one such matter for which the Company reached a satisfactory conclusion with the relevant authority during 2024; £4.0 million of the provision was utilised and the remainder released. Provisions recognised at 31 December 2024 are not sufficiently material to warrant additional disclosures.

9 LOANS AND OTHER BORROWINGS

Instrument	Notes	Interest rate	Maturity	2024		2023	
				Non-current £m	Current £m	Non-current £m	Current £m
Loans with related parties	(a), (b)	2.821%	31 March 2025	-	40.0	40.0	-
Loans with related parties	(a)	SONIA + CAS + 0.78%	20 December 2027	60.0	60.0	120.0	-
Loans with related parties	(b)	SONIA + 3.365%	28 January 2029	110.0	-	110.0	-
Loans with related parties	(b)	SONIA + 1.025%	27 December 2029	350.0	-	350.0	-
Loans with related parties		SONIA + 0.78%	22 December 2030	350.0	-	350.0	-
Loans with related parties		3.60%	9 June 2032	300.0	-	300.0	-
Loans with related parties		5.67%	21 June 2033	275.0	-	250.0	-
Loans with related parties		SONIA + 1.44%	20 June 2034	25.0	-	-	-
Loans payable to related parties				1,470.0	100.0	1,520.0	-
£350 million euro-sterling bond	(c), (d), (e)	4.875%	20 September 2027	349.4	(0.3)	349.1	(0.3)
Loans payable to external counterparties				349.4	(0.3)	349.1	(0.3)
Accrued interest due to related parties				-	11.5	-	10.8
Accrued interest due to external counterparties				-	4.8	-	4.8
				1,819.4	116.0	1,869.1	15.3

*SONIA – Sterling Overnight Index Average; CAS – Credit Adjustment Spread.

- (a) These loans are repayable in equal instalments on a biennial basis.
- (b) Under the conditions of this long-term loan agreement, the Company has an option, without fee or penalty, to make a repayment in whole or in part, of the then outstanding loan principal, plus accrued interest thereon, by providing SPUK with written notice at least five business days before the intended repayment date.
- (c) This bond contains a 'Loss of licences' covenant that will require repayment of the outstanding amount should the Company lose its relevant licences.
- (d) The Company has external debt that contains loan covenants. None of these covenants require covenant ratios to be calculated. A future breach of covenants may require the Company to repay the loan earlier than indicated in the above table. Under the agreements, the covenants are monitored on a regular basis by the ScottishPower treasury function and regularly reported to management to ensure compliance with these agreements.
- (e) This bond will be redeemed at its principal amount on 20 September 2027 unless previously redeemed or purchased and cancelled. The bond can be redeemed at any time by the Company at a higher redemption price (as determined by a financial advisor appointed by the Company and Fiscal Agent) giving 30 to 60 days' notice. The carrying value of the bond includes finance costs of £(0.3) million (2023 £(0.3) million).
- (f) Loans are repayable in full on maturity unless otherwise stated.
- (g) In June 2024, the Company entered into an Intra-group committed revolving credit facility arrangement with SPUK for £500.0 million, with an expiry date of April 2029 which has yet to be utilised. Therefore, at the date of signing these Accounts, the Company has £500.0 million of undrawn committed facilities available.

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

10 DEFERRED TAX

Deferred tax is provided in the Accounts is as follows:

	Note	Property, plant and equipment £m	Other temporary differences £m	Total £m
At 1 January 2023		284.2	(0.1)	284.1
Charge to the Income statement and statement of comprehensive income		42.2	-	42.2
At 31 December 2023 and 1 January 2024	(a)	326.4	(0.1)	326.3
Charge to the Income statement and statement of comprehensive income		43.5	-	43.5
At 31 December 2024		369.9	(0.1)	369.8

- (a) Legislation was enacted on 10 June 2021 under the Finance Act 2021 that increased the UK Corporation tax rate to 25% from 1 April 2023. Accordingly, the deferred tax balances at 31 December 2023 were provided at 25%, to reflect the rate that the temporary differences are expected to reverse at.
- (b) At 31 December 2024, the Company had unutilised capital losses of £5.8 million (2023 £5.8 million). No deferred tax asset was recognised in either year due to the unpredictability of suitable future profit streams against which the losses may be utilised.

11 CURRENT TRADE AND OTHER PAYABLES

	Note	2024 £m	2023 £m
Payables due to related parties		103.4	86.5
Trade payables		23.8	31.4
Other taxes and social security		13.7	10.3
Payments received on account		45.8	49.5
Capital payables and accruals		44.0	48.1
Other payables		7.3	13.4
	(a)	238.0	239.2

- (a) Trade and other payables includes £45.8 million (2023 £49.5 million) of IFRS 15 contract liabilities.

12 REVENUE

	2024 £m	2023 £m
Electricity distribution	570.0	484.7
Transfers of assets from customers	18.3	19.2
	588.3	503.9

13 EMPLOYEE INFORMATION

(a) Staff costs

	2024 £m	2023 £m
Wages and salaries	57.2	51.5
Social security costs	6.2	5.6
Pension and other costs	9.6	8.7
	73.0	65.8
Capitalised staff costs	(54.9)	(48.3)
	18.1	17.5

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

13 EMPLOYEE INFORMATION *continued*

(b) Employee numbers

The average numbers of employees (full and part-time) employed by the Company, including UK based directors, were:

	Average 2024	Average 2023
Administrative staff	172	223
Operations	713	634
Total	885	857

(c) Pensions

The Company's contributions payable in the year were £8.3 million (2023 £7.2 million). The Company contributes to ScottishPower's defined benefit and defined contribution schemes in the UK and the contributions payable in the year reflect the contributions payable in respect of active participants in the group schemes who are employed by the Company. Full details of these schemes are provided in the most recent Annual Report and Accounts of SPUK, the intermediate holding company and the sponsoring company of the retirement benefit schemes. As at 31 December 2024, the surplus in ScottishPower's defined benefit schemes in the UK amounted to £125 million (2023 £124 million). The employer contribution rate for these schemes in the year ended 31 December 2024 was 52.9-53.4%.

14 TAXES OTHER THAN INCOME TAX

	2024 £m	2023 £m
Property taxes	28.5	25.9

15 DEPRECIATION AND AMORTISATION CHARGE, ALLOWANCES AND PROVISIONS

	2024 £m	2023 £m
Property, plant and equipment depreciation charge	103.9	123.9
Right-of-use asset depreciation charge	6.9	6.8
Intangible asset amortisation charge	0.9	0.2
Charges and provisions, allowances and impairment of assets	0.9	1.4
	112.6	132.3
Capitalised right-of-use asset depreciation	(3.1)	(3.1)
	109.5	129.2

16 FINANCE INCOME

	2024 £m	2023 £m
Interest on bank and other deposits	0.3	0.7
Interest receivable from related parties	6.9	0.6
	7.2	1.3

17 FINANCE COSTS

	2024 £m	2023 £m
Interest on amounts due to related parties	88.3	73.5
Interest on other borrowings	18.0	17.7
Interest on lease liabilities	1.9	1.7
	108.2	92.9
Capitalised interest	(0.3)	(0.2)
	107.9	92.7

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

18 INCOME TAX

	2024	2023
	£m	£m
Current tax:		
UK Corporation Tax for the year	9.3	2.0
Adjustments in respect of prior years	(3.8)	(14.2)
Current tax for the year	5.5	(12.2)
Deferred tax:		
Origination and reversal of temporary differences	39.8	22.4
Adjustments in respect of prior years	3.7	18.4
Impact of tax rate change	-	1.4
Deferred tax for the year	43.5	42.2
Income tax for the year	49.0	30.0

The tax charge on profit before tax for the year varied from the standard rate of UK Corporation Tax applicable to the Company as follows:

	2024	2023
	£m	£m
Corporation Tax at 25% (2023 23.5%)	49.6	20.7
Adjustments in respect of prior years	(0.1)	4.2
Impact of tax rate change on current year tax	-	1.4
Non-deductible expenses and other permanent differences	(0.5)	3.7
Income tax for the year	49.0	30.0

Legislation was enacted on 10 June 2021 under the Finance Act 2021 that increased the UK Corporation tax rate to 25% from 1 April 2023. Accordingly, the deferred tax balances at 31 December 2023 were provided at 25%, to reflect the rate that the temporary differences were expected to reverse at.

19 DIVIDENDS

	2024	2023	2024	2023
	pence per ordinary share	pence per ordinary share	£m	£m
Interim dividend paid	11.4	10.5	68.5	63.2

The Company plans to pay a dividend to shareholders every year.

20 COMMITMENTS

	2024		2023	
	Capital	Other contractual commitments	Capital	Other contractual commitments
	£m	£m	£m	£m
Less than one year	115.7	13.9	80.0	7.2
One to two years	27.5	0.1	17.3	-
Two to three years	10.4	-	7.9	-
Three to four years	2.9	-	3.1	-
Four to five years	-	-	0.2	-
	156.5	14.0	108.5	7.2

SP MANWEB PLC
NOTES TO ACCOUNTS *continued*
31 December 2024

21 RELATED PARTY TRANSACTIONS

(a) Directors' remuneration

The remuneration of the directors who provided qualifying services is set out below. As these directors are remunerated for their work for Energy Networks, it has not been possible to apportion the remuneration specifically in respect of services to the Company. Of the eight (2023 six) directors who held office during the year, seven (2023 five) were remunerated by other ScottishPower companies during the year.

	2024	2023
	£000	£000
Aggregate remuneration in respect of qualifying services	1,005	1,207

	2024	2023
Number of directors who exercised share options	2	1
Number of directors who received shares under a long-term incentive scheme	2	1
Number of directors accruing retirement benefits under a defined benefit scheme	2	2

	2024	2023
	£000	£000
Highest paid director		
Aggregate remuneration	253	607

- (i) The highest paid director received shares under a long-term incentive scheme during the current year only.
(ii) The highest paid director exercised share options during the current year only.

(b) Immediate and ultimate parent company

The immediate parent company is SPENH. Copies of the accounts of SPENH may be obtained from its registered office at 320 St Vincent Street, Glasgow, Scotland, G2 5AD.

The directors regard Iberdrola, S.A. (incorporated in Spain) as the ultimate parent company, which is also the parent company of the largest group in which the results of the Company are consolidated. The parent company of the smallest group in which the results of the Company are consolidated is SPUK.

Copies of the consolidated accounts of Iberdrola, S.A. may be obtained from Iberdrola, S.A. at its registered office, Torre Iberdrola, Plaza Euskadi 5, 48009, Bilbao, Spain. Copies of the consolidated accounts of SPUK may be obtained from its registered office, 320 St. Vincent Street, Glasgow, G2 5AD.

22 AUDITOR'S REMUNERATION

	2024	2023
	£000	£000
Audit of the Annual accounts	260	241
Audit-related assurance services	21	20
	281	261