SP POWER SYSTEMS LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2025

Registered No. SC215841

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SP POWER SYSTEMS LIMITED
STRATEGIC REPORT

The directors present their Strategic Report on SP Power Systems Limited ("the Company") for the year ended 31 December 2025.

INTRODUCTION

The principal activity of the Company, registered company number SC215841, is the provision of asset management support services to Scottish Power Limited Group's ("ScottishPower") Energy Networks business. This activity will continue for the foreseeable future.

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 ScottishPower of which the Company is a member. The immediate parent of the Company is Scottish Power Energy Networks Holdings Limited ("SPENH").

The Company is part of Energy Networks. Service level agreements exist whereby the Company acts as a service provider to three Energy Networks companies, SP Distribution plc ("SPD"), SP Manweb plc ("SPM"), and SP Transmission plc ("SPT"). These companies are 'asset-owner companies' holding regulated assets, electricity distribution licences (in the case of SPD and SPM) and an electricity transmission licence (in the case of SPT). Each of these 'asset owner companies' are regulated monopolies governed by The Office of Gas and Electricity Markets ("Ofgem") via a regulatory price control.

STRATEGIC OUTLOOK

2025 performance

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

	Revenue (Note (a))		Operating profit (Note (a))	
	2025	2024	**2025**	2024
Financial key performance indicators ("KPIs")	**£m**	£m	**£m**	£m
SP Power Systems Limited	**332.4**	272.6	**1.8**	0.8

(a) Revenue and operating profit as presented on page 14.

Revenue increased by £59.8 million due to increased asset management support services recharged to the Energy Networks licensed businesses.

Operating profit was £1.0 million higher than in the prior year. This is primarily due to the increase in revenue described above which was offset by increases in external services and staff costs.

Statement of financial position

Net assets of the Company decreased by £4.5 million to £12.9 million, reflecting the statutory loss in the year.

Outlook for 2026 and beyond

The Company will continue to support the Energy Networks licensed businesses with their targeted delivery of the increased activity associated with regulatory outputs.

FINANCIAL INSTRUMENTS

The Company's financial instruments include Trade and other receivables (principally with related parties), 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.

FINANCIAL INSTRUMENTS *continued*

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 an on-demand facility with SPL.

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 2 to 4.

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.
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 (such as the ongoing conflict in the Middle East).	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.
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.	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, 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

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

RISK	RESPONSE
Health and safety A major health and safety incident in the course of operations could impact staff, contractors, communities or the environment.	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.
Recruitment and retention of staff Increased and appropriate resources with the correct capabilities are required to grow the Company. The increased retiral rate and challenging work programmes of Energy Networks' licensed entities means that substantial recruitment is required in the coming years.	Extensive focus on retention and strategic workforce planning in order to build key capabilities and future skills with targeted learning and development opportunities. 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.
Cyber security 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. The main risks are: • 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.	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. 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. 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.

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

RISK	RESPONSE
Supply chain 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.	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 ScottishPower 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.

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 4 to 6.

Key stakeholders

The Company has five key stakeholder categories: people, customers, government and regulators, suppliers and contractors, and community and environment. Regulators are considered an indirect stakeholder given their direct regulatory oversight is limited to the licensed entities within Energy Networks to which the Company is a service provider.

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 SP Energy Networks 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 1,681 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 enables 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.

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.

ENGAGING WITH STAKEHOLDERS *continued*

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:

- employment regulation;
- skill development;
- 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.

CUSTOMERS

The Company performs asset management services for the Energy Networks licensed businesses who own and operate the network of cables and powerlines transporting electricity to connected customers in certain areas of the UK. The success of the Company depends on its ability to understand the needs of these businesses and continuous engagement is the key to successfully meeting customers' needs.

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.

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 suppliers have a key role to play in the delivery of its projects and services that it is undertaking to provide a low-carbon future for the UK. 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 it 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.

Engagement with the supply chain is always a critical activity for the Company but it has become even more important as it adapts to geopolitical and macroeconomic challenges. The Company is supporting the licensed entities of Energy Networks as they take a longer-term approach to contracting in order to address any concerns on capacity and availability of the supply chain that could impact delivery of their regulatory workplans. Refer to the 'Principal risks and uncertainties' section for further details.

COMMUNITY AND ENVIRONMENT

Community

Communicating and connecting with local communities is a fundamental part of the Company's values, and essential to the success of its operations. As key stakeholders, engaging with communities is a priority, and core to the Company's commitment to collaborate and develop productive relationships.

ENGAGING WITH STAKEHOLDERS *continued*

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.

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.

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 Power Systems Limited 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 group of companies headed by SPENH (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 it engages with them are as follows:

- **Customers:** details of how the Company engages with its customers is set out in the 'Customers' section of the Strategic Report, on page 5. During 2025, the Board recognised that continuous engagement is the key to successfully meeting customers' needs.
- **People:** details of the how Company engages with its people are set out in the 'People' section of the Strategic Report, on pages 4 and 5. During 2025, the Board approved the adoption and implementation of the ScottishPower Sustainable Human Capital Management and Anti-Harassment Policy.
- **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 5 and 6. During 2025, the Board approved the adoption and implementation of the ScottishPower Policy on Management and Protection of Environment and Nature, the ScottishPower Climate Action Policy and the ScottishPower Biodiversity Policy.
- **Suppliers and contractors:** details of how the Company engages with its suppliers are set out in the 'Suppliers and contractors' section of the Strategic Report, on page 5. During 2025, the Board approved the adoption and implementation of the ScottishPower Code of Conduct for Suppliers.
- **Government and regulators:** details of how the Company engages with governments and regulators are set out in the 'Government and regulators' section of the Strategic Report, on page 5. During 2025, the Board affirmed its aim to contribute to the delivery of a UK energy system that functions in the interests of customers now, and in the future, including the achievement of the UK and Scottish Governments' net zero decarbonisation targets.

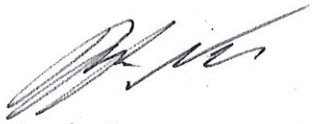
SECTION 172 STATEMENT *continued*

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 4.

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

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

ON BEHALF OF THE BOARD



Douglas Ness
Director
17 September 2026

SP POWER SYSTEMS LIMITED
DIRECTORS' REPORT

The directors present their report and audited Accounts for the year ended 31 December 2025.

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 7:

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

RESULTS AND DIVIDEND

The net loss for the year amounted to £4.5 million (2024 £4.1 million). No dividend was paid during the year (2024 £nil).

DIRECTORS

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

Nicola Connelly
Douglas Ness

At the date of this report, there have been no changes to the composition of the Board since year end.

DIRECTORS' INDEMNITY

In terms of the Company's Articles of Association, a qualifying indemnity provision is in force for the benefit of 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 DIRECTOR'S 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'.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has 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 Directors' Report that complies 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 the financial statements may differ from legislation in other jurisdictions.

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

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 2026.

ON BEHALF OF THE BOARD



Douglas Ness
Director
17 September 2026

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SP POWER SYSTEMS LIMITED

Opinion

We have audited the financial statements of SP Power Systems Limited ("the Company") for the year ended 31 December 2025 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 2025 and of its loss 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 have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the 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 director's 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 1B2 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.

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.

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 the directors, the internal audit function, the Company'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 Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

Fraud and breaches of laws and regulations – ability to detect *continued*
As required by auditing standards, and taking into account possible 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.

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 unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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 we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

In addition, as with any audit, there remained a higher risk of non- detection of fraud, as 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.

Strategic report and directors' 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:

Strategic report and directors' report *continued*

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

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.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for 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.

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

Digitally signed by Gordon Herbertson
Date: 2026.09.17 14:31:26 +01'00'

Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
17 September 2026

SP POWER SYSTEMS LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2025

	Notes	2025 £m	2024 £m
NON-CURRENT ASSETS			
Intangible assets	3	40.5	38.4
Property, plant and equipment	4	29.6	28.7
Investments in subsidiary	5	1.5	1.5
Trade and other receivables	6	-	0.1
		71.6	68.7
CURRENT ASSETS			
Trade and other receivables	6	320.4	267.5
Current tax asset		3.8	6.8
		324.2	274.3
TOTAL ASSETS		**395.8**	343.0
EQUITY			
Share capital		12.2	12.2
Retained earnings		0.7	5.2
TOTAL EQUITY		**12.9**	17.4
NON-CURRENT LIABILITIES			
Deferred income	7	2.8	2.9
Software licence liabilities		0.5	1.1
Trade and other payables	8	1.6	1.1
Deferred tax liabilities	9	12.4	11.4
		17.3	16.5
CURRENT LIABILITIES			
Deferred income	7	0.1	0.1
Loans and other borrowings	10	322.9	265.1
Software licence liabilities		2.3	2.4
Trade and other payables	8	40.3	41.5
		365.6	309.1
TOTAL LIABILITIES		**382.9**	325.6
TOTAL EQUITY AND LIABILITIES		**395.8**	343.0

Approved by the Board and signed on its behalf on 17 September 2026.

Douglas Ness
Director

The accompanying Notes 1 to 17 are an integral part of the Statement of financial position at 31 December 2025.

SP POWER SYSTEMS LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Revenue		332.4	272.6
GROSS MARGIN		**332.4**	272.6
Staff costs	11	(123.0)	(102.8)
External services		(197.0)	(159.3)
Other operating results		7.2	4.0
Net operating costs		**(312.8)**	(258.1)
GROSS OPERATING PROFIT		**19.6**	14.5
Net expected credit losses on trade and other receivables		(0.1)	(0.2)
Depreciation and amortisation charge, allowances and provisions	12	(17.7)	(13.5)
OPERATING PROFIT		**1.8**	0.8
Finance income		0.1	0.2
Finance costs	13	(7.0)	(6.1)
LOSS BEFORE TAX		**(5.1)**	(5.1)
Income tax	14	0.6	1.0
NET LOSS FOR THE YEAR		**(4.5)**	(4.1)

Net loss for both years is wholly attributable to the equity holder of the Company.

Net loss for both years comprises total comprehensive income.

All results relate to continuing operations.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2025

	Share capital (Note (a)) £m	Retained earnings (Note (b)) £m	Total equity £m
At 1 January 2024	12.2	9.3	21.5
Loss for the year attributable to the equity holder of the Company	-	(4.1)	(4.1)
At 31 December 2024 and 1 January 2025	12.2	5.2	17.4
Loss for the year attributable to the equity holder of the Company	-	(4.5)	(4.5)
At 31 December 2025	**12.2**	**0.7**	**12.9**

(a) At 31 December 2025, the Company had 12,247,000 allotted and fully paid ordinary shares of £1 each (2024 12,247,000). The holder of these ordinary shares is 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 the member entitled to one vote on a show of hands and on a poll one vote for every share held.

(b) Retained earnings comprise of the cumulative balance of profits and losses recognised in the Accounts as adjusted for transactions with shareholders, principally dividends.

The accompanying Notes 1 to 17 are an integral part of the Income statement and statement of comprehensive income, and the Statement of changes in equity for the year ended 31 December 2025.

SP POWER SYSTEMS LIMITED
NOTES TO THE ACCOUNTS
31 December 2025

1 BASIS OF PREPARATION

A COMPANY INFORMATION

SP Power Systems Limited, registered company number SC215841, is a private company limited by shares. It is incorporated in Scotland and its registered address is 320 St. Vincent Street, Glasgow, Scotland, G2 5AD.

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 are rounded to the nearest hundred thousand unless otherwise indicated. The Accounts are prepared on the historical cost basis.

The Accounts contain information about SP Power Systems Limited as an individual company and do not contain consolidated financial information as the parent of a subsidiary company. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated accounts as it and its subsidiary undertaking are included by full consolidation in the consolidated accounts of its intermediate parent company, Scottish Power UK plc ("SPUK").

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 intangible assets;
- certain disclosures regarding revenue;
- 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;
- 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:

- 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' ("IFRS 7").

B2 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 to provide asset management support services to Energy Networks licensed businesses within the group headed by SPUK ("the SPUK Group"). 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 (via a cash pooling arrangement), with working capital requirements of the Company funded by SPL, the parent company of SPUK. SPUK provides financial support to the Company and SPUK itself relies on support from SPL. Centralised funding and cash management aligns with the Iberdrola Group model.

The directors have performed a going concern assessment which indicates that 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.

SPUK has indicated its intention to continue to make available such funds as are needed by the Company during the going concern assessment period. 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.

1 BASIS OF PREPARATION *continued*

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 one year from the date of approval of these financial statements and, therefore, have prepared the financial statements on a going concern basis.

C 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 2025.

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

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'; and
- Amendments to IFRS 9 'Financial Instruments' ("IFRS 9") and IFRS 7: 'Contracts with Nature-dependent Electricity'.

The Company has early adopted the aforementioned Amendments to IFRS 9 and IFRS 7 and has applied these amendments effective from 1 January 2025.

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.

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.

A INTANGIBLE ASSETS (COMPUTER SOFTWARE)

The costs of acquired computer software, such as licences, that are expected to generate economic benefits over a period in excess of one year, are capitalised on the basis of the costs incurred to acquire, and bring to use, the specific software. Amortisation of acquired computer software is on a straight-line basis over their operational lives, which is between four and seven years.

Costs directly attributable to the development of computer software programmes, that are expected to generate economic benefits over a period in excess of one year, are capitalised and amortised on a straight-line basis over their estimated operational lives. Costs include employee costs relating to software development and an appropriate proportion of relevant overheads directly attributable to bringing the software into use. Amortisation of developed computer software costs is over periods of up to eight years. Maintenance costs are expensed as incurred.

Cloud computing arrangements permit the Company to access vendor-hosted software and platform services over the term of the agreement. These contracts are expensed as incurred unless the Company controls the underlying software asset in which case the costs are capitalised, and the related liabilities are measured based on the discounted sum of the future payments for each contract and presented within Software licence liabilities. The Company also incurs implementation costs in respect of such contracts which are capitalised where costs meet the definition and recognition criteria of an intangible asset by being separable and controlled by the Company.

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

Amortisation of capitalised costs relating to cloud computing arrangements is on a straight-line basis over the term of the contract, which is generally up to five years. Maintenance costs are expensed as incurred.

B 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. Property, plant and equipment includes directly attributable costs. 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 as set out below:

	Years		
Buildings	2	-	50
Other items of property, plant and equipment	4	-	25

C IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

At each reporting date, the Company reviews the carrying amount of its intangible assets and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset (the greater of its value-in-use and its fair value less costs to sell) is estimated in order to determine the extent of the impairment loss (if any). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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.

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.

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

Subject to one exception, financial assets are initially measured at fair value. The one 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 at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by net 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 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 group 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 at 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. 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 the 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 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 is earned wholly within the UK and is wholly attributable to the principal activities of the Company.

The provision of asset management support services is a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits of the Company's performance as it is provided. Cost is used to measure progress towards complete satisfaction of the performance obligation as this represents the transfer of the service to the customer. Revenue is therefore recognised as the costs are incurred at the agreed contractual rate.

F RETIREMENT BENEFITS

ScottishPower operates two defined benefit schemes and one defined contribution retirement benefit scheme in the UK. The Company 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 period.

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

G 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 probable that taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

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 expected to be settled, or the asset realised based on tax rates and laws enacted, or substantively enacted, at the reporting date. Deferred tax is charged to the Income statement and statement of comprehensive income.

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.

3 INTANGIBLE ASSETS

Year ended 31 December 2025	Computer software in use £m
Cost:	
At 1 January 2025	110.4
Additions	16.8
Disposals	(0.3)
At 31 December 2025	**126.9**
Amortisation:	
At 1 January 2025	72.0
Amortisation for the year	14.7
Disposals	(0.3)
At 31 December 2025	**86.4**
Net book value:	
At 31 December 2025	**40.5**
At 1 January 2025	38.4

(a) Included within additions is £1.3 million (2024 £1.5 million) from internal development.
(b) The cost of fully amortised computer software still in use at 31 December 2025 was £60.0 million (2024 £52.3 million).
(c) Included within Intangible assets is a Geographical Information System used in the provision of services to certain licensed entities of Energy Networks. At 31 December 2025, this system had a carrying value of £11.5 million (2024 £11.1 million) and the remaining amortisation period was three to four years (2024 four years).

4 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in property, plant and equipment in use

Year ended 31 December 2025	Land and Buildings £m	Other items of property, plant and equipment (Note(i)) £m	Total £m
Cost:			
At 1 January 2025	64.2	24.3	88.5
Additions	2.4	1.4	3.8
Disposals	-	(1.9)	(1.9)
At 31 December 2025	**66.6**	**23.8**	**90.4**
Depreciation:			
At 1 January 2025	41.8	18.0	59.8
Depreciation for the year	1.1	1.7	2.8
Disposals	-	(1.8)	(1.8)
At 31 December 2025	**42.9**	**17.9**	**60.8**
Net book value:			
At 31 December 2025	**23.7**	**5.9**	**29.6**
At 1 January 2025	22.4	6.3	28.7

(i) The category 'Other items of property, plant and equipment' principally comprises machinery, IT equipment and tooling.
(ii) The cost of fully depreciated property, plant and equipment in use at 31 December 2025 was £34.3 million (2024 £29.8 million).
(iii) Included within the cost of property, plant and equipment at 31 December 2025 are assets in use not subject to depreciation, being land, of £1.0 million (2024 £1.0 million).

(b) Research and development expenditure

The amount of research and development expenditure recognised as an expense during the year ended 31 December 2025 was £4.5 million (2024 £3.7 million).

5 INVESTMENTS IN SUBSIDIARY

(a) Movements in investments in subsidiary

	Note	Investments in subsidiary £m
At 1 January 2024		-
Acquisition	(i)	1.5
At 31 December 2024, 1 January 2025 and 31 December 2025		1.5

(i) On 27 September 2024, the Company acquired 100% of the share capital of Derryherk Limited.

(b) Subsidiary

The table below sets out details of the subsidiary of the Company at 31 December 2025. The subsidiary is a direct holding of the Company.

Subsidiary	Principal activities	Notes	Country of incorporation	Equity interest in ordinary shares 2025	2024
Derryherk Limited	Provision of network software services	(i)	Scotland	**100%**	100%

(i) The registered address of Derryherk Limited is 320 St. Vincent Street, Glasgow, Scotland, G2 5AD.

6 TRADE AND OTHER RECEIVABLES

	Note	2025 £m	2024 £m
Non-current:			
Prepayments		-	0.1
Current:			
Receivables due from related parties		310.7	255.6
Trade receivables (including unbilled revenue)		2.4	5.7
Prepayments		2.1	1.8
Other tax receivables		5.2	4.4
	(a)	**320.4**	267.5

(a) Trade and other receivables includes £309.4 million (2024 £260.8 million) of IFRS 15 receivables.

7 DEFERRED INCOME

	Deferred income £m
At 1 January 2024	3.3
Released to the Income statement and statement of comprehensive income	(0.3)
At 31 December 2024 and 1 January 2025	3.0
Released to the Income statement and statement of comprehensive income	(0.1)
At 31 December 2025	**2.9**

Analysis of total deferred income	Note	2025 £m	2024 £m
Non-current		2.8	2.9
Current		0.1	0.1
	(a)	**2.9**	3.0

(a) Deferred income is an IFRS 15 contract liability.

8 TRADE AND OTHER PAYABLES

	2025 £m	2024 £m
Non-current:		
Other payables	**1.6**	1.1
Current:		
Payables due to related parties	3.2	1.5
Trade payables	22.2	21.7
Other taxes and social security	2.9	2.2
Capital payables and accruals	4.9	8.6
Other payables	7.1	7.5
	40.3	41.5

9 DEFERRED TAX

Deferred tax provided in the Accounts is as follows:

	Property, plant and equipment £m	Other temporary differences £m	Total £m
At 1 January 2024	4.2	(0.2)	4.0
Charge to the Income statement and statement of comprehensive income	7.3	0.1	7.4
At 31 December 2024 and 1 January 2025	11.5	(0.1)	11.4
Charge/(credit) to the Income statement and statement of comprehensive income	1.3	(0.3)	1.0
At 31 December 2025	**12.8**	**(0.4)**	**12.4**

10 LOANS AND OTHER BORROWINGS

Instrument	Interest rate*	Maturity	**2025 £m**	2024 £m
Loans payable to related parties	Base + 1%	On demand	316.2	259.1
Accrued interest due to related parties			6.7	6.0
			322.9	265.1

*Base – Bank of England Base Rate

11 EMPLOYEE INFORMATION

(a) Staff costs

	2025 £m	2024 £m
Wages and salaries	99.1	83.3
Social security costs	11.1	8.2
Pension and other costs	14.1	12.8
	124.3	104.3
Capitalised staff costs	(1.3)	(1.5)
	123.0	102.8

(b) Employee numbers

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

	Average 2025	Average 2024
Administrative staff	405	377
Operations	1,276	1,153
Total	**1,681**	1,530

(c) Pensions

The Company's pension contributions payable in the year were £11.6 million (2024 £11.1 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. At 31 December 2025, the surplus in ScottishPower's defined benefit schemes in the UK amounted to £177 million (2024 £125 million). The employer contribution rate for these schemes in the year ended 31 December 2025 was 0-52.9%.

12 DEPRECIATION AND AMORTISATION CHARGE, ALLOWANCES AND PROVISIONS

	2025 £m	2024 £m
Property, plant and equipment depreciation charge	2.8	2.9
Intangible asset amortisation charge	14.7	10.6
Charges and provisions, allowances and impairment of assets	0.2	-
	17.7	13.5

13 FINANCE COSTS

	2025 £m	2024 £m
Interest on amounts due to related parties	6.7	6.0
Interest on software licence liabilities	0.1	-
Foreign exchange losses	0.2	0.1
	7.0	6.1

14 INCOME TAX

(a) Income tax for the year

	2025 £m	2024 £m
Current tax:		
UK Corporation Tax for the year	(2.3)	(5.3)
Adjustments in respect of prior years	0.7	(3.1)
Current tax for the year	**(1.6)**	(8.4)
Deferred tax:		
Origination and reversal of temporary differences	1.0	3.7
Adjustments in respect of prior years	-	3.7
Deferred tax for the year	**1.0**	7.4
Income tax for the year	**(0.6)**	(1.0)

The tax credit on the loss for the year varied from the standard rate of UK Corporation Tax as follows:

	2025 £m	2024 £m
Corporation Tax at 25%	(1.3)	(1.3)
Adjustments in respect of prior years	0.7	0.6
Other permanent differences	-	(0.3)
Income tax for the year	**(0.6)**	(1.0)

(b) Pillar Two model rules

The Company has applied the exception available in IAS 12 'Income Taxes: International Tax Reform – Pillar Two Model Rules' and has not recognised or disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

15 COMMITMENTS

	2025		2024	
	Capital £m	Other contractual commitments £m	Capital £m	Other contractual commitments £m
Less than one year	0.1	21.2	4.2	24.8
One to two years	-	0.3	0.3	1.2
	0.1	**21.5**	4.5	26.0

16 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. All directors were remunerated directly by the Company in both years.

	2025	2024
	£000	£000
Aggregate remuneration in respect of qualifying services	**817**	643

	2025	2024
Number of directors who exercised share options	**2**	3
Number of directors who received shares under a long-term incentive scheme	**1**	2
Number of directors accruing retirement benefits under a defined benefit scheme	**1**	2

	2025	2024
Highest paid director	**£000**	£000
Aggregate remuneration	**574**	253

(i) The highest paid director received shares under a long-term incentive scheme during both years.
(ii) The highest paid director exercised share options during both years.

(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 director regards 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.

17 AUDITOR REMUNERATION

	2025	2024
	£000	£000
Audit of the Annual accounts	**98**	165