ScottishPower Consolidated Segmental Statement

for the year ended 31 December 2025

Required under Standard Condition 19A of Electricity and Gas Supply Licences

ScottishPower

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Introduction

This CSS and associated regulatory information is presented in accordance with Standard Condition 19A of the Electricity and Gas Supply Licences ("the Conditions").

The CSS and supporting information has been prepared by the directors of Scottish Power Energy Retail Limited ("SPERL") in accordance with the Conditions stated above and the associated guidelines issued by Ofgem. The CSS has been derived from, and reconciled to, the Annual Report and Accounts of SPERL for the year ended 31 December 2025, which have been prepared in accordance with UK-adopted International Accounting Standards ("IAS").

The licences held within SPERL at 31 December 2025 were as follows:

Licensee	Licence	Business Division	Ownership
ScottishPower Energy Retail Limited	Electricity Supply	Customer – Licensed business	100%
ScottishPower Energy Retail Limited	Gas Supply	Customer – Licensed business	100%

Glossary of Terms	
EBITDA	EBITDA represents earnings before interest, tax, depreciation and amortisation. It is calculated by subtracting total operating costs from total revenue. As per paragraph 1.6 of the Ofgem guidelines this excludes exceptional items (refer to definition below).
DA	Depreciation and amortisation.
EBIT	EBIT represents earnings before interest and tax and is calculated by subtracting depreciation and amortisation from EBITDA. As per paragraph 1.6 of the Ofgem guidelines this excludes exceptional items (refer to definition below).
Volume	Volume is supplier volumes at the meter point, i.e. net of losses.
WACOE/G	The WACOE/G represents the weighted average cost of procuring electricity and gas, shown as £/MWh (electricity) and p/therm (gas), and comprises the costs of wholesale gas and electricity, the cost of renewable electricity purchased under Renewable Power Purchase Agreements (PPAs), transmission and distribution losses, Unidentified Gas ("UIG") costs and the costs associated with balancing and shaping. This is calculated by dividing direct fuel costs by volume.
Customer numbers	Customer numbers are based on the average monthly number of Meter Point Administration Numbers for electricity customers and Meter Point Reference Numbers for gas customers during the year to 31 December 2025.
Exceptional items	As per Ofgem's guidelines, exceptional items are defined as revenues, costs and profits that do not reflect a company's normal year of operations (e.g. profit or loss on disposal, restructuring costs and impairment charges). Exceptional items are excluded from the CSS.
Price cap	The price cap is set by Ofgem and specifies the maximum unit rate and standing charge that suppliers can charge customers on a standard variable tariff (SVT).

Consolidated Segmental Statement for the year ended 31 December 2025

ScottishPower

#ID		Unit	Electricity supply		Gas supply		Aggregate supply
			Domestic	Non Domestic	Domestic	Non Domestic	
1	**Total revenue**	**£'M**	**2,148.0**	**481.5**	**1,223.7**	**34.0**	**3,887.2**
1.1	Revenue from sale of electricity and gas	**£'M**	2,148.0	481.5	1,223.7	34.0	3,887.2
1.2	Other revenues	**£'M**	0.0	0.0	0.0	0.0	0.0
2	**Total operating costs**	**£'M**	**2,050.5**	**454.1**	**1,231.7**	**29.7**	**3,766.0**
2.1	**Direct fuel costs**	**£'M**	**716.2**	**193.4**	**645.9**	**15.2**	**1,570.7**
	Direct costs:	**£'M**	**1,070.2**	**214.4**	**362.6**	**5.6**	**1,652.8**
2.2	Transportation costs	**£'M**	499.9	111.1	268.8	5.4	885.2
2.3	Environmental and social obligations costs	**£'M**	532.2	101.3	74.0	0.0	707.5
2.4	Other direct costs	**£'M**	38.1	2.0	19.8	0.2	60.1
2.5	**Indirect costs**	**£'M**	**264.1**	**46.3**	**223.2**	**8.9**	**542.5**
3	**EBITDA**	**£'M**	**97.5**	**27.4**	**-8.0**	**4.3**	**121.2**
3.1	Depreciation and amortisation	**£'M**	32.1	16.3	20.8	2.2	71.4
3.2	**EBIT**	**£'M**	**65.4**	**11.1**	**-28.8**	**2.1**	**49.8**
4	Volume	**TWh, m therms**	7.3	1.7	596.6	12.9	
5	WACOE/G	**£/MWh, p/th**	**98.1**	**113.8**	**108.3**	**118.0**	
6	Meter Points	**000s**	2,376.9	103.4	1,725.7	15.6	

Basis of Preparation

The CSS presents a segmental analysis of SPERL's supply licensed activities within the UK. It provides information relating to the revenues, costs and profits of these activities in order to enhance the transparency within the energy market for both consumers and other stakeholders.

These statements have been prepared, by the directors of SPERL in accordance with Standard Condition 19A of the Electricity and Gas Supply Licences ("the Conditions") and the associated guidelines issued by Ofgem and the basis of preparation contained herein.

The financial data provided has been taken from the Relevant Licensees' (as defined in the Conditions) financial information for the year ended 31 December 2025, included within the Annual Report and Accounts of SPERL for the year ended 31 December 2025, which has been prepared in accordance with International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006

For clarity, the following should be noted:

- The financial results have been included for all UK activities which require a supply licence.
- The domestic segments represent the revenues and associated costs in supplying gas and electricity to premises in the UK which are supplied on a domestic tariff and whose meter is not registered as non-domestic in central industry systems. The non-domestic segments represent the revenue and associated costs in supplying gas and electricity to premises in the UK which are not in the domestic segments.
- The financial results relating to Smart Solutions, smart meter installation trading, and other non-licensed activities have been excluded.

Pricing for electricity and gas

Within the ScottishPower Group, internal agreements are in place for all transfers between group companies and are subject to bi-annual review to ensure that they are appropriate and up to date. In addition, there are measures in place to notify Ofgem should there be any material changes to the transfer pricing methodology.

All other internal transactions are priced at the prevailing market price for the relevant period at the point the transaction is made. All external transactions are priced at the price transacted with the market. The market prices at the time of procurement may differ from the price prevailing at the time of supply.

Revenues

'*Revenue from sales of electricity and gas*' comprises the amount to which SPERL has a right to invoice based on the volume of units supplied during the year and the tariff agreed with the customer. SPERL operates in the UK energy market, whose nature is such that revenue recognition is subject to a degree of estimation. Revenue includes an estimate of the units supplied to customers between the date of their last meter reading and the year end. This estimate is based on external data supplied by the electricity and gas market settlement process and internal data relating to energy purchases where settlement data is not yet available. Where volumes are yet to reach final settlement, the unbilled revenue is constrained such that revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur. The constraint is determined by considering the current unbilled position, historical trends, and any other known factors.. The value assigned to these estimated volumes is based on a weighted average price per unit derived from the billing systems.

Revenue for domestic supply is stated after deducting dual fuel discounts where applicable. The discount is allocated equally between electricity and gas. All revenue is earned wholly within UK and revenue for domestic supply is stated after deducting the impact of the Government mandated discount given to customers under the Warm Home Discount programme. This deduction is charged specifically to each fuel.

Direct fuel costs

'Direct fuel costs' comprise the cost of wholesale electricity and gas, the energy component of Unidentified Gas ("UIG") costs and imbalance costs. Direct fuel costs secured on any given day, for any delivery period, are allocated to the domestic and non-domestic segments based on their requirements for that delivery period.

The pricing for wholesale electricity and gas is outlined on page 4.

SPERL purchases electricity, together with the associated ROCs and REGOs under internal and external Renewable Power Purchase Agreements.

Balancing costs and the energy element of UIG costs and the impact of actions to hedge CfD levy costs are allocated as incurred by ScottishPower. SPERL hedges its customer volumes through contractual arrangements with its energy management affiliate company ScottishPower Energy Management Ltd. All price and volume risk is borne by SPERL. For default tariffs, forecast volumes are bought in alignment with the pace of the wholesale index applied by Ofgem in its price cap mechanism. For active choice tariffs, forecast volumes are hedged at product launch covering the full product duration.

Transportation costs

'Transportation costs' comprise BSUoS costs, gas transportation charges, electricity transmission and distribution network charges and the transport element of UIG costs. These costs are allocated to the segment to which they relate based on volume consumption band or settlement profile class as appropriate.

Environmental and social obligation costs

'Environmental and social obligation costs' comprise the costs associated with the following and are allocated across the segments as described in the table below.

Environmental and Social Obligation Costs	Allocation Methodology
Renewable Obligations	Allocated to the domestic and non-domestic electricity segments based on settlement volumes; this obligation only applies to the electricity segment.
Feed-in Tariffs	Allocated to the domestic and non-domestic electricity segments based on settlement volumes; this obligation only applies to the electricity segment.
Contracts for Difference under Electricity Market Reform (EMR)	Allocated to the domestic and non-domestic electricity segments based on settlement volumes; this obligation only applies to the electricity segment.
Capacity Market under EMR	Allocated to the domestic and non-domestic electricity segments based on settlement volumes; this obligation only applies to the electricity segment.
Energy Company Obligation (ECO) and Great British Insulation Scheme (GBIS)	Allocated to the domestic electricity and gas segments based on their UK market share of (non-exempt) domestic volumes (TWh) for electricity and gas; this obligation only applies to domestic customers.
Administering the Warm Home Discount (WHD)*	Allocated to the domestic electricity and gas segments based on customer numbers; this obligation only applies to domestic customers.
Assistance for Areas with High Electricity Distribution Costs (AAHEDC)	Allocated to the domestic and non-domestic electricity segments based on settlement volumes.

* The WHD provides some households who are living in, or at risk of, fuel poverty a rebate on their fuel bill. It is a Government mandated scheme administered by SPERL.

Other direct costs

'Other direct costs' include brokers' costs and the non-capital elements of intermediaries' sales commissions when the costs have given rise directly to revenue i.e. producing a sale.

Indirect costs

'Indirect costs' are the costs of billing, metering (including smart meter roll out costs), customer service, bad debt and debt collection, support services, sales and marketing, staff costs, the costs of centralised services[1] provided by Iberdrola group companies and operating costs recharged from within the ScottishPower Group.

Where it is not possible to allocate these costs directly to a particular customer segment (domestic/non-domestic) or fuel category (gas/electricity), they are allocated using a costing model based on customer numbers, transaction volumes and employee activity.

Depreciation and amortisation

'Depreciation and amortisation costs' are allocated to the segments based on customer numbers when it is not possible to allocate these directly. Items that have been capitalised include smart meter development costs including Data Communications Company (DCC) development costs and the incremental costs of obtaining certain customer contracts.

Exceptional items

There are no items that meet Ofgem's guidelines for exceptional items (e.g. restructuring costs, impairment charges and non-current asset write offs) for the year ended 31 December 2025 and therefore no exclusions for items of this manner in the CSS.

Reconciliation to audited Accounts

A reconciliation of the Revenue and EBIT in the CSS to the Annual Report and Accounts of SPERL has been provided on page 7. Also included is a reconciliation between CSS and statutory reporting categories.

1. Centralised services are HR, IT, finance and legal costs and other head office costs. Where these costs can be identified as being directly attributable to a business division those costs are recharged directly to that business division. Non-directly attributable costs are allocated across ScottishPower's business divisions using costing models based on employee numbers, personnel costs, gross margin and fixed assets.

Reconciliation of CSS to the Annual Report and Accounts of SPERL for the year ended 31 December 2025

Reconciliation of Revenue and EBIT

Number	Item	Unit	Revenue	EBIT
	CSS [ScottishPower Energy Retail Ltd]	£'M	3,887.2	49.8
	Adjustments:			
1	Non-licensed activities	£'M	28.1	-7.2
2	Warm Home Discount reallocation	£'M	55.2	0.0
3	Restructuring costs	£'M		0.0
	ScottishPower Energy Retail Ltd Statutory Accounts	£'M	**3,970.5**	**42.6**

Notes:

1. Warm Home Discount payments are treated as a tax in the statutory accounts but in the CSS are deducted from domestic revenue, as per paragraph 1.37 of Ofgem's guidelines.

Reconciliation Between Reporting Categories

		Turnover	Procurements	Staff Costs	External Services	Credit losses, Depreciation & Amortisation	Other operating results	Taxes other than income tax	Aggregate supply from CSS
1	Revenue	3,942.2						-55.2	3,887.0
2.1	Direct fuel costs		-1,570.8						-1,570.8
2.2	Direct costs: Transportation		-885.2						-885.2
2.3	Direct costs: Env & Social Obligations		-552.7					-154.9	-707.6
2.4	Other direct costs		-4.3		-55.7				-60.0
2.5	Indirect costs			-67.3	-384.8	-123.2	40.2	-7.1	-542.2
	Depreciation & Amortisation					-71.4			-71.4
	Reconciliation to stat accounts	28.3	-21.0	-5.3	-2.9	-6.1	-0.3		-7.2
	Total SPERL stat accounts	**3,970.5**	**-3,033.9**	**-72.6**	**-443.4**	**-200.7**	**39.9**	**-217.2**	**42.6**