

SCOTTISHPOWER ENERGY RETAIL LIMITED
ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2024

Registered No. SC190287

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SCOTTISHPOWER ENERGY RETAIL LIMITED

STRATEGIC REPORT

The directors present their Strategic Report on ScottishPower Energy Retail Limited ("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 SC190287, is the supply of electricity and gas to over four million domestic and business customers throughout the UK, including customer registration, billing and handling enquiries in respect of these services. The Company is also responsible for the associated metering activity, the smart meter installation programme, and for managing its smart solutions activities including the installation of heat pumps and the UK's first national heat pump annual service plan and Heat Pump tariff, solar panels, batteries, and electric vehicle ("EV") charging and tariff.

The Company is part of ScottishPower's Customer business. During 2024, an average of 4.4 million gas and electricity customers were supplied by the Company. At 31 December 2024, the Company supplied 4.3 million gas and electricity customers. The Company aims to deliver a top-class experience for its customers, one which is hassle-free, making it easy for customers to make contact through a range of routes and providing flexibility to meet all of its customer needs.

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

STRATEGIC OUTLOOK

Operating review

Supply and market conditions

The energy supply market and regulatory environment continues to be challenging for all suppliers in the industry. The absence of a product market during recent years as a result of the energy crisis resulted in most households in the Company's portfolio being on the standard variable tariff ("SVT") which is subject to the Ofgem price cap. 2024 has seen a return to competition in the fixed-term product market, and as a result, an increase in the levels of switching in the market. Ofgem continued to make changes to the price cap methodology to enable suppliers to recover during 2024 some of the costs incurred for previous price cap periods most notably for bad debt. With energy prices still nearly double what they were three years ago, many consumers continue to face significant cost of living pressures. The Company remains concerned about customer affordability, especially with the expected rise in energy usage and associated costs during the winter months. While the July 2025 price cap adjustment led to a modest reduction in typical household bills, prices remain elevated due to persistently high global wholesale energy costs. This concern has been further reinforced by the latest price cap update released on 27 August 2025, which signals continued volatility in the energy market. Details of how the Company provides support to its customers can be found on page 10 of the Strategic Report.

Following the decision to exit the Industrial and Supply ("I&C") supply market in 2022, the Company continues to service its remaining customer base but does not offer new fixed-term contract terms at the point of renewal. I&C customers have the option of either leaving ScottishPower at the point of contract renewal or continuing to receive a supply at default SVT prices. As a result of this policy, the I&C portfolio has continued to decrease in size during 2023 and 2024.

Government support schemes

The UK Government's Energy Price Guarantee ("EPG") scheme ended in March 2024. From July 2023, the discount available under this scheme only applied if prices rose above £3,000 per annum for a typical UK dual fuel household. However, the price cap remained below this level and therefore the scheme did not provide support to customers other than being used by the UK Government to provide a discount to prepayment customers to levelise the price with those for the Direct Debit ("DD") payment method from 1 July 2023 until 31 March 2024. For non-domestic customers the Energy Bill Discount Scheme ("EBDS") provided some support to customers until 31 March 2024.

The Company's position remains that enduring government assistance is required to ease the burden on domestic households most at risk. To this end, the Company continues to engage with the UK Government and Ofgem, to champion a targeted approach to support the most financially vulnerable.

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STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

Ofgem activity

During 2024, Ofgem's focus continued to be on ensuring prices are fair and delivering protections for vulnerable customers, particularly those with affordability issues, and driving up consumer service standards. In delivering these priorities, its work included:

- assessment of further amendments to the default price cap methodology to reflect changes to the market since the cap was introduced and recovery of historic costs incurred by suppliers as a result of temporary changes to the market;
- assessing the future of price protection in the retail sector and tariff structure more generally including the role of default tariffs and standing charges, and whether suppliers should be able to offer cheaper tariffs to new customers;
- a programme of work to consider the need for intervention in the market to address ongoing and increasing levels of debt and affordability challenges; and
- a refresh of Ofgem's consumer vulnerability strategy.

The Company has continued its engagement with Ofgem on all policy areas to aim to influence the proposals in the best interests of ScottishPower and its customers.

In February 2024, Ofgem published its decision to introduce a levelisation and reconciliation mechanism to align prepayment prices with DD prices via adjustments to the standing charges, with the changes taking place from 1 April 2024 following the removal of similar rules under the UK Government's EPG support scheme.

Throughout 2024, the Company has continued to engage with Ofgem in its reviews of allowances in the price cap, including Ofgem's decision in February 2024 to allow a temporary adjustment to the price cap for twelve months from 1 April 2024 to address supplier costs related to increased levels of bad debt. In August 2024, Ofgem extended the temporary allowance for bad debt-related costs associated with increased levels of Additional Support Credit provided to prepayment customers at risk of going off supply. This adjustment was further extended to June 2025, with an updated debt allowance now in place. Ofgem has also consulted on, or issued, Requests for Information ("RFIs") relating to reviewing the methodology of the price cap regarding wholesale costs and operating costs (including the debt allowance), and the Company expects further changes may be implemented in 2025 after Ofgem's assessment.

Following its review of the non-domestic market, Ofgem published its decision in April 2024 to introduce new protections and extend existing protections to a greater number of non-domestic customers. This includes extending the existing Standards of Conduct and complaints handling regulations to larger non-domestic customers, with implementation phased throughout 2024.

Ofgem continues to monitor customer service and assess options to drive improvements. In September 2024 it published a Consumer Confidence paper setting out at a high level how it intends to deliver this programme of work. The Company await more details of this programme of work and will engage with Ofgem to influence as appropriate.

During 2024, Ofgem issued calls for input on a variety of issues related to domestic customer tariffs and debt and affordability concerns. Considerations within these workstreams include assessing the structure of tariffs and the role of standing charges, Ofgem's 'minded to' position to extend the current temporary Ban on Acquisition only Tariffs ("BAT") until at least 31 March 2026, the future of price protection and default tariffs within the market more generally, and options and mechanisms to address consumer affordability issues.

The UK Government remains a key stakeholder for the Company, particularly in areas relating to the future of price regulation, and options to address affordability. The Company continues to engage with the UK Government on a number of these areas, as well as activity to close off the remaining government support schemes, the future of the UK Government's energy efficiency schemes and the smart meter installation programme.

Customer debt

With customer bills high, the operational focus remains on prompt cash collection, the retention of customers on secure payment plans, and supporting its customer base to manage their debt position. After the industry-wide pause in the use of prepayment meters ("PPMs") without customer consent which covered most of 2023, the Company recommenced the use of involuntary PPMs in January 2024 after meeting Ofgem's set restart criteria. The new rules which Ofgem implemented in November 2023, increases the number of customers where an involuntary PPM is not considered an option. The Company continues to engage with Ofgem on all aspects of debt, including the recovery of additional historic debt created as a result of the moratorium and the energy crisis, as well as new bad debt build up from ongoing affordability concerns and the new rules which extend the group of customers who are deemed not suitable for PPMs. In

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STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

May 2025, Ofgem published an update on its review of historic prepayment practices, confirming that it had concluded compliance engagement with eight suppliers, including the Company.

Smart solutions and smart metering

To help increase the pace of change to a better future, the Company's Smart Solutions team are supporting communities and organisations on their path to net zero, ensuring that nobody is left behind. The Company has developed an innovative partnership with ScottishPower Renewable production's onshore department, working with communities in receipt of wind farm community benefit funding to support their net zero ambitions. Through positive engagement the Company is providing advice and supporting communities to deliver energy efficiency initiatives including the installation of low-carbon technologies such as heat pumps and solar panels. The Smart Solutions team use their knowledge and expertise, supported by local organisations and people, to identify and implement local smart energy solutions that reflect the specific needs of each community.

The Company continues to make significant efforts and investments in a challenging environment to support smart meter rollout and meet its regulatory target. As at December 2024, smart meters accounted for 61.8% of relevant meters in the Company's portfolio. For further information please refer to the 'Non-financial key performance indicators' section of the Strategic Report.

Values in action

During 2024, governments and Ofgem continued to focus strongly on the need for suppliers to deliver a positive consumer experience for all customer groups, recognising that suppliers are required to identify the needs of their customers, especially those in vulnerable circumstances. Ofgem's focus has been on introducing additional protections for customers via new policy and regulatory developments and also via compliance activity with Ofgem continuing to issue market-wide reviews of supplier compliance, largely dominated by the review of the use of prepayment meters in the debt journey and support offered to those customers. The impact of rising energy prices combined with the broader cost of living crisis has seen a real challenge for customers, with the Company taking a number of actions to ensure its customer service offering can deliver for customers in this challenging environment. This includes the actions the Company has taken to support customers directly, as well as supporting customers in accessing support from relevant third parties and influencing the UK Government to implement support interventions.

2024 Performance

	Revenue (Note (a))		Operating profit (Note (a))		Capital investment (Note (b))	
	2024	2023	2024	2023	2024	2023
Financial key performance indicators	£m	£m	£m	£m	£m	£m
	4,690.4	7,610.6	214.3	525.6	90.6	48.1

(a) Revenue and Operating profit are presented on the Income statement on page 22.

(b) Capital investment for 2024 is presented within Notes 3 and 4 on page 33 and includes capitalised customer contract costs.

The Company's revenue decreased by £2,920.2 million to £4,690.4 million in 2024, primarily driven by domestic revenues. Domestic revenue decreases were due to lower energy costs being reflected in the retail domestic SVT price cap. Business revenue reductions were due to the continued impact from the 2022 decision to exit the I&C supply market.

The Company's operating profit has decreased by £311.3 million to £214.3 million in 2024. In 2023, gross margins benefitted from specific domestic price cap recoveries of £341 million which facilitated recovery of losses incurred in 2022. These allowances have not repeated in 2024. In addition, gross margins have been impacted by lower domestic volumes and lower business margins. Higher ECO costs have been more than offset by an improvement in 2024 bad debt costs.

Capital investment has increased by £42.5 million primarily due to customer switching activity.

Statement of financial position

Net assets of the Company increased by £181.8 million in the year to £127.6 million, primarily due to the impact of the statutory profit of £182.7 million.

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STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

Non-financial key performance indicators	Notes	2024	2023
Volume supplied (GWh)	(a)	30,179	33,072
Complaints handling	(b)	1st	2nd
Smart meters in portfolio	(c)	61.8%	57.0%
Customers (thousands)	(d)		
- Electricity		2,616	2,753
- Gas		1,800	1,866
		4,416	4,619

*Gigawatt hours ("GWh")

- (a) Reduced demand driven by customer behaviour and milder weather, in addition to lower customer numbers and the continued withdrawal from the I&C market.
- (b) Based on the Citizens Advice Domestic Energy Suppliers' Customer Service Report. Rankings reflect the Company's position relative to the other 'Big Six' energy Companies (2023 ranking is relative to the other "Big Seven"). The Company has continued to invest in its customer service teams with a key focus on improving its timely management and resolution of complaints, coupled with an overall focus on service quality across all of its advisors.
- (c) Percentage of relevant customer base with a smart meter.
- (d) Customer numbers are based on the average number of Meter Point Administration Numbers for electricity customers and Meter Point Reference Numbers for gas customers during the year to 31 December.

Outlook for 2025 and beyond

During 2025, the Company is expecting to see developments surrounding existing consultations on operating cost allowances and bad debt recovery including those associated with the cost-of-living crisis as well as the losses from the new licence obligation in relation to restricting prepayment warrant activity.

The Company will continue to engage with the UK Government and Ofgem to ensure the regulatory framework is fair and fit for purpose. All policies must enable the Company to deliver the service and solutions needed to support its customers and deliver net zero. This will include continuing to focus on adjustments to the price cap and the use of alternative mechanisms to allow suppliers to recover efficient costs.

Whilst the Company is experiencing less volatility in wholesale market prices than it has over the past couple of years, and the product market has opened up again during 2024, there is still uncertainty surrounding where the product market will reach. It is recognised that whilst most suppliers are now selling fixed products, competitor pricing appears more responsible than what the market has historically.

The Company has concentrated on making the adoption of smart solutions even easier by offering financing solutions for solar panels, as well as improving the design, quote and ordering experience. Focus remains on developing public charging network for EVs and smart solutions. The key to future engagement will be to take advantage of using energy flexibly in line with the energy system, consequently the smart solutions team are developing new services to enable customers to remotely manage their smart devices including EVs.

Financial instruments

As at 31 December 2024 the Company's financial instruments include Trade and other receivables, Cash, Derivative financial instruments and Trade and other payables. The Company has exposure to credit risk and treasury risk (comprising both liquidity and market risk) arising from these financial instruments. Throughout 2024, the Company was also exposed to energy market risk associated with fluctuations in the market price of electricity and gas.

Credit risk

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. The credit risk management strategy adopted for significant types of financial asset are as follows:

- Exposure to credit risk in the supply of electricity and gas arises from the potential that customers default on their invoiced payables. The financial strength and creditworthiness of business customers is assessed prior to commencing, and for the duration of, their contract of supply. Both domestic and business customers' creditworthiness is reviewed from a variety of internal and external information sources including customer payment history and credit checks. Recognising the current level of energy market disruption, including the ongoing cost of living crisis, and the forecast uncertainty in macro-economic indicators, in line with IFRS 9 'Financial Instruments' ("IFRS 9"), a forward-looking provisioning methodology has been utilised to ensure that external factors are appropriately mitigated. Details of the Company's provisioning methodology and the significant estimation uncertainty associated with it are included in Note 2.

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STRATEGIC REPORT *continued*

STRATEGIC OUTLOOK *continued*

- Credit risk from balances with banks and financial institutions is managed by ScottishPower's treasury department in accordance with Iberdrola's cash investment procedure. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty by Corporate Risk Management.
- The Company provides funding in the form of interest-bearing on demand loans to other related parties. Credit risk from related parties is considered to be low as the Company is part of the Iberdrola Group's centralised treasury function and no related party has a credit rating lower than BBB+ (in line with S&P Global Ratings).

Treasury risk

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 risk 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.

Energy market risk

ScottishPower's Energy Wholesale business ("Energy Wholesale") is responsible for managing exposure to the UK wholesale electricity and gas markets for both the Company and ScottishPower's Renewable production business. Energy Wholesale do this via trading strategies that utilise derivative financial instruments which 'lock in' energy prices which are ultimately passed on to the Company. This approach has contributed to the Company's navigation of the volatile energy markets.

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 its 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 below:

REGULATORY AND POLITICAL RISK	
RISK	RESPONSE
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.
Structural uncertainty resulting from regulatory market interventions including review of price cap allowance and changes in the licence conditions for consumer protections relating to debt and affordability, including the use of prepayment in the debt journey.	Engagement with key industry stakeholders including both Ofgem and various government departments regarding the requirement for suppliers to recover all costs, and the need to make fundamental changes to the market to ensure efficient suppliers can recover costs in the future particularly focused on increased bad debt costs. Engagement includes responding to consultations, and proactively lobbying key stakeholders providing evidence on the Company's costs and preferred regulatory amendments.

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STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

REGULATORY AND POLITICAL RISK	
RISK	RESPONSE
The potential for non-compliance with the UK Government's mandate to complete the rollout of smart metering to customers in accordance with prescribed timescales and in relation to levels of non-operating smart meters	Dedicated project teams focused on ensuring adequate business processes and systems are developed. The teams are responsible for ensuring the rollout capability is secured to enable deployment of meters and meters operate effectively.

GLOBAL FINANCIAL MARKET VOLATILITY	
RISK	RESPONSE
Impacts arising from market and regulatory reactions to geopolitical events. As well as positive or negative changes in the UK economy, including: movement in the market price of electricity and gas.	<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 has specific procedures in place to manage these key market risks.</p> <ul style="list-style-type: none"> The mitigation of energy market risk is co-ordinated strategically by ScottishPower via the use of derivative financial instruments taken out largely by other ScottishPower companies to hedge volatility of wholesale energy.

CLIMATE CHANGE	
RISK	RESPONSE
The risk the Companies investments 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 Companies assets.	<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.

HEALTH AND SAFETY	
RISK	RESPONSE
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. In addition, 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.

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STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

CYBER SECURITY	
RISK	RESPONSE
<p>The Company operates, as part of ScottishPower 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, as part of ScottishPower, in alignment with UK Regulation, takes the protection of its Data and the provision of its essential services very seriously. The Company 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 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 the Company's key information assets. Risk of 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 the Company's reputation. 	<p>The Company, as part of ScottishPower, continues to focus on its enterprise security risks through enhanced internal governance, complemented by the adoption of a 'three defence lines model' with clear roles and responsibilities established across the Group. This has involved the appointment of a ScottishPower Chief Information Security Officer as well as the appointment 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 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>

MARKET POSITION	
RISK	RESPONSE
Impact of competition on the Company's market share and profitability.	<p>Constantly managing the Company's operating cost base to ensure that its profitability is protected and focusing on growth through organic and other acquisition opportunities.</p> <p>Focus on deepening relationship with customers through increased product holding and other value-add features and benefits, designed to improve customer engagement and retention, and growth in capacity of the Company's sales channels.</p>

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STRATEGIC REPORT *continued*

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

COST OF LIVING CRISIS	
RISK	RESPONSE
Increased focus on affordability due to sustained higher energy prices and increased cost of living creates a greater number of consumers at risk and a greater burden on suppliers to service and support customers.	The Company continues to deliver on improvement actions in relation to vulnerability and affordability. Engagement continues with the UK Government, third parties and Ofgem, on the challenges facing suppliers in supporting customers with affordability issues, the need for more targeted consumer protection for the Company's most vulnerable customers and measures to address the historic debt built up.
Increase in the level of overdue debt driven by the impact of sustained higher energy bills, the ongoing high cost of living and regulatory changes implemented by Ofgem, specifically around PPM installation restrictions, impacting on the level of debt write-off required.	There are measures in place to manage the key drivers of overdue debt, assess and implement remedial and preventative action, and to establish key metrics to monitor progress in reducing debt levels.

ENGAGING WITH STAKEHOLDERS

The importance of engaging with stakeholders

The Company strongly believes that effective and meaningful engagement with stakeholders, especially its employees, is key to promoting its success and values. Meaningful engagement with 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 the Company's operations, are set out below.

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 millions of people, and thousands of institutions, organisations and groups. All of them, with their decisions and opinions, influence the Company and, in turn, are affected by its 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 Shareholder Engagement Policy as published at www.iberdrola.com.

PEOPLE

As at 31 December 2024, the Company had 932 employees, working across a range of roles. These employees make a real difference in determining how successfully the Company operates. The commitment to customer experience and innovation of the Company's employees enables the Company 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 an inclusive and diverse culture.

The Company also understands that being a diverse business goes beyond having legally compliant policies and practices; it includes a focus on creating an innovative, integrated organisation where people feel valued and inspiring them to perform at their best.

As part of ScottishPower, the Company's engagements with its employees are driven by the decisions, policies and procedures in place at 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.

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STRATEGIC REPORT *continued*

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:

- 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

The Company provides energy and related services to millions of domestic and business customers. The Company's success depends on its ability to understand and meet the needs of its customers, and engagement is key to its success in this rapidly changing environment. The Company seeks feedback in several ways including forums, market research and product testing, as well as via complaints channels and surveys.

Customer service

Delivering excellent customer service to customers continues to be the Company's key priority. The Company works hard to ensure the customer is at the centre of everything it does. The Company continually assesses its processes and customer journeys and identifies and implements improvements to ensure it meets its expectations and those of its customers. The Company is relentless in its pursuit to improve customer experience.

During 2024, the Company continued to deliver a strong service to customers by offering quick response times through all contact channels. For example, call wait times were less than 90 seconds in Q2, Q3 and Q4 of 2024 and turnaround time on emails was 96% within 48 hours. These improvements in customer service delivery were recognised in the official Citizens Advice Customer Service quarterly scorecard, which measures key customer service metrics across the energy industry. The Company is delighted that it was ranked number one out of the large suppliers for customer service for Q2, Q3 and Q4 of 2024, recognising all the good work it has been doing to deliver a quality service to customers. In Q1 2025 the Company scored joint top of the UK's large suppliers, reflecting a strong consistent performance across its contact channels.

The Company continues to focus on delivering customer service through a number of digital channels as well as retaining its traditional telephone channels. Digital tools are the channel of choice amongst most of the Company's customer base with mobile apps now being its most frequently utilised self-service tool, alongside digital online web chats. Building from its success in recent years, the Company is delighted to announce that it won several prestigious external awards for its app experience in 2024 including the UK e-commerce Business to Consumer ("B2C") App of the Year and Gold for Digital Transformation at the European Customer Experience awards. This recognises the continued improvements and functionality it is offering customers via this channel.

2024 has seen growth in the Company's digital channels and improved customer experience scores across all channels. A key focus has been the expansion and stability of its in-app prepayment experience, in line with its smart meter rollout programme to these customers. Supporting its ambition to expand its digital footprint, the Company aims to enable a 'digital for all' strategy through improving its web accessibility standards. In addition to the growth of and enhancements to key self-service account tools, there has been a continued focus on leveraging the capabilities of smart meters to deliver automated services and insights to help customers gain a better understanding of their energy usage. This has been achieved by improvements such as additional enhancements to its smart meter consumption information and the launch of its home energy management flexible energy offers, such as its new EV Optimise smart charging solution and its PowerSaver half price weekend and grid saving events proposition.

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STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

Customer support

The Company continues to ensure it supports its financially and non-financially vulnerable customers through a wide range of support mechanisms. These services include:

- Offering a range of options for customers to get in touch including phone, webchat, and email options. The Company assesses the needs of its customers and adjusts its offering to ensure it meets its customer needs.
- Intelligent routing of contacts to specialist support teams to manage customers who are identified as being vulnerable or potentially in need of additional support. This includes Prepayment Off Supply teams, Affordability teams and 'Extra Care' teams who aid customers with additional support needs.
- To reduce the risk of prepayment customers going off supply, the Company offer periods of 'friendly credit', where the customer will stay on supply, without the need to top up their meter. Where this is not technically possible, the Company offer increased emergency credit.
- The Company offers a dedicated phone line for Citizens Advice to get in touch on behalf of customers. In addition, it offers support for other third parties, ranging from national organisations like National Energy Action to smaller, local charities such as South Seeds, via a Third Party Assistance Team. This enhanced support has been positively received and is benefiting customers seeking help from third party organisations, by securing a faster resolution for them.
- Recognising the wider impacts of financial hardship, the Company has included mental health training across all customer service agents, to allow them to respond sensitively to customers who are experiencing such difficulties.
- The Company offers extra help and additional support options under its Priority Services Register for those non-financially vulnerable customers who may find it more challenging to manage their energy account.
- The Company has a range of alternative payment options and tariffs for different customer circumstances and offers flexible repayment schemes for those who have built up debt.
- For customers who may be struggling to manage their energy costs, the Company offers advice on how to reduce energy consumption through simple actions by the customer or via the ECO framework.
- The Company also provides signposting to third parties who can offer additional guidance and support, including in relation to debt advice and energy efficiency advice, and also signposts to the ScottishPower Hardship Fund and to the Company's Prepayment Voucher Scheme which provides additional non-repayable funding to eligible customers.
- For the most vulnerable customers, the Company offers a dedicated team of National Community Liaison Officers whose sole purpose is to provide in-home support.

The Company's overall focus is on prompting customers to engage with it as early as possible so that it can provide the support they need, whether that be within the actions it takes, or in ensuring those customers who need broader support than the Company can offer, have direct access to third parties who can provide it.

The Company is also raising awareness of measures customers can take to reduce the impact of increasing energy costs, including arranging for a smart meter to be installed. Smart meters are the best way to track energy consumption by showing a customer the cost of the energy they are using, providing the Company with regular, automatic, meter readings ensuring they only pay for the energy they use.

Furthermore, the Company offers support to vulnerable customers with their energy bills through the Warm Home Discount ("WHD") scheme. The 14th year of the WHD scheme commenced in April 2024 and is the UK Government's main policy for tackling fuel poverty. The scheme continues to be delivered by energy suppliers, principally to qualifying customers, by providing rebates on electricity accounts to help when bills may be higher over the winter period. During scheme year 13, which operated from 1 April 2023 to 31 March 2024, the Company spent £35 million providing assistance to 233,128 customers by applying a rebate of £150 to their electricity account. In addition, during scheme year 13, £5.4 million of funding was provided to projects which provided financial assistance payments to customers, supported customers who had debt and third party organisations to deliver industry initiative projects to provide a range of assistance to domestic customers. The Company's partners delivered energy efficiency advice, energy efficient white goods, and measures to improve the energy efficiency of the property where they lived. Other projects focused on further financial support providing fuel debt assistance and benefit entitlement checks.

Energy efficiency

The delivery of energy efficiency measures continues to be an important responsibility of the Company, and 2024 was the eleventh year of delivery of the UK Government's ECO scheme. The ECO scheme is fundamental to improving the

SCOTTISHPOWER ENERGY RETAIL LIMITED

STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

fabric of British homes by supporting its pursuit of achieving net zero and focusing on reducing heating costs for the most vulnerable customers by improving the energy efficiency of properties. In July 2022, the ECO 4 legislation came into effect with the obligation running until March 2026. ECO 4 is focused on the most vulnerable households in the least efficient homes (Energy Performance Certificates (“EPC”) Bands E, F and G) and targets a whole house improvement project based on a fabric-first approach, addressing the structure of a building such as walls and windows before making changes to internal elements such as heating. This will see a drop in the number of properties treated in comparison to previous obligation programmes, however the majority of those treated will be improved by a minimum of two EPC bands with multiple measures delivered to each home. With an established and mature ECO 4 supply chain, 2024 delivery was strong, continuing to deliver energy efficiency measures to customers as soon as possible, the Company’s supply chain is in a positive position to deliver the final phase of the ECO 4 programme with additional activity undertaken from the Great Insulation Scheme (“GBIS”) (previously known as ECO+).

GBIS was launched in July 2023 and runs until March 2026. GBIS had been planned to complement ECO 4 by delivering single insulation measures (such a loft or cavity wall insulation) to hundreds of thousands of the least energy efficient homes in the lower Council Tax bands, as well as targeting the most vulnerable homes across the country. However, the scheme has not delivered as the UK Government envisaged. The Company’s GBIS supply chain was expanded during 2024 providing additional capacity. In late 2024, the UK Government consulted on proposed changes to the GBIS which make the programme more deliverable and cost effective. The changes introduced following this consultation will enable the Company to utilise the capacity available from the ECO 4 supply chain to undertake additional ECO 4 activity which will offset the under delivery from the restricted supply chain capacity in GBIS.

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.

With retail energy prices around 40% higher than they were three years ago and many domestic consumers still facing severe cost of living pressures, household energy debt across suppliers has increased by around 26% from £3.1 billion in Q4 2023 to £3.9 billion in Q4 2024. The Company continues to work with the UK Government and Ofgem to ensure that consumers who are struggling to pay their bills receive appropriate support, particularly the most vulnerable. The Company also engaged with Ofgem in its reviews of allowances in the price cap, including Ofgem’s decision in February 2024 to allow a temporary adjustment to the price cap to address supplier costs related to increased levels of bad debt. This temporary adjustment was extended to June 2025, with an updated debt allowance now in place. The Company has also commissioned research from economic consultants, Frontier Economics, and engaged with the UK Government to explore how additional support could be provided for domestic energy efficiency measures for those on low incomes, which it believes will have a critical role in addressing long-term energy affordability challenges for those at risk of fuel poverty.

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. The Company aims 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.

In 2024, the Company continued to increase its focus on the Environmental, Social and Governance (“ESG”) credentials of its main suppliers using its supplier risk management system, Go Supply. This system has provided significant additional insight into ESG factors of the Company’s supply chain. The Company also works closely with those suppliers identified as having weaker ESG traits to support their development through improvement plans and guidance.

Engagement with suppliers is always a critical activity for the Company but has become even more important as the Company adapts to the geopolitical and macroeconomic challenges. In order to address any concerns on capacity and

SCOTTISHPOWER ENERGY RETAIL LIMITED

STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

availability of the supply chain that could impact delivery the Company has been taking a longer term approach on contracting.

COMMUNITY AND ENVIRONMENT

The Company continually strives to be a trusted, respected and integrated part of the community, by operating with integrity, transparency, and working closely within the community to build relationships.

The Company continues its commitment to supporting those most in need within its communities through a number of government schemes and additional Scottish Power initiatives.

The Company's Smart Cities team within its Smart Solutions department is focused on helping decarbonise at a community level working mainly with local authorities but also with other community groups, such as housing associations. Smart Cities can reach consumers where a private financial investment may be unachievable as they can access low-carbon technologies through local authorities and community groups. In addition, by deploying at scale, the Company can reduce the price per solution.

In addition to supporting customers, the Company also supports the charity sector, particularly its longstanding relationship with Cancer Research UK. The Company has raised over £40 million to date through a combination of sponsorship of events like Stand Up to Cancer, sales of its 'Help Beat Cancer' tariffs, and fundraising activities.

The Company engages regularly with the key industry stakeholders such as Ofgem, Citizens Advice and Ombudsman Services, to keep them fully updated of its community actions.

The Company is one of the remaining suppliers that have National Community Liaison Officers ("CLOs"). Its CLOs focus on supporting customers who have concerns over their energy consumption or billing to ensure clear understanding. They also provide support for those struggling with their energy bills. This is done in the customer's home. The Company's CLOs also provide locational support to its customers.

INNOVATION

The Company continues to innovate to make net zero solutions accessible and affordable through its nationwide installation service for air source heat pumps, solar panels, batteries and EV charging, in conjunction with its home energy management solutions.

As part of the Company's ongoing commitment to improving its customers' experience, it successfully moved its customer relationship manager system to a cloud-based solution during 2024. The move to SAP RISE is another step towards its goal to deliver a more integrated experience, with the best service, for customers.

The Company's Smart Solutions team are supporting communities and organisations on their path to net zero, ensuring that nobody is left behind. The Company has developed an innovative partnership with Renewable production's onshore department, working with communities in receipt of wind farm community benefit funding to support their net zero ambitions. Through positive engagement the Company is providing advice and supporting communities to deliver energy efficiency initiatives including the installation of low-carbon technologies such as heat pumps and solar panels. Smart Solutions use their knowledge and expertise, supported by local organisations and people, to identify and implement local smart energy solutions that reflect the specific needs of each community.

The Company is progressively implementing an industry-leading Home Energy Management System ("HEMS") to give customers better control of low-carbon technologies and insight on overall energy consumption. The solution will enable customers to automate, control and optimise their low-carbon technologies, monitoring home consumption with near real-time visibility of energy usage within the ScottishPower customer app. This 'Energy Insights' feature in the customer app has won several awards, including recognition for Best App at the UK eCommerce Awards. HEMS will provide the opportunity for deeper engagement with customers on the savings that can be achieved through control of their assets based primarily on the greenest and cheapest times of the day for energy prices. In 2024 the Company introduced a new feature called EV Optimise in its customers app, which helps customers benefit from lower-cost electricity to charge their EVs.

SCOTTISHPOWER ENERGY RETAIL LIMITED

STRATEGIC REPORT *continued*

ENGAGING WITH STAKEHOLDERS *continued*

The Company has helped its customers benefit from the flexibility market through participation in domestic customer demand response initiatives, such as NESO's Demand Flexibility Service. Eligible smart meter customers use the ScottishPower app which notifies them of certain peak times when reducing their consumption helps balance supply and demand. As well as reducing their energy usage and having a positive impact on their carbon footprint, customers are rewarded for every kilowatt hour ("kWh") they turn down, when compared to their baseline usage. In 2024 it has developed and enhanced its Power Saver solution to include Half Price Weekends and Bonus Events. This incentivises eligible smart meter customers to consume during hours seen as greener. The Company continues to be a partner in Project EQUINOX, a Network Innovation Competition heat pump flexibility project with its customers participating in the project's third year of trials this winter.

The Company is a supporting partner on a number of innovation projects that are developing inclusive smart solutions. In the Warm Home Prescription project, led by Energy Systems Catapult ("ESC") the Company is directing the benefits from its ECO 4 whole-home upgrade programme to support health and social care provision. As part of the Inclusive Smart Solutions Project, also led by the ESC, the Company has helped develop accessible customer interfaces with an app-based flexibility service. Finally, the Company is working with Energy Networks and East Ayrshire Council on the Equiflex project to find the best ways to extend consumer access to flexibility services.

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 ScottishPower Energy Retail 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 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 Company's strategy 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:

- **People:** details of how the Company engages with its employees are set out in the 'People' section of the Strategic Report, on pages 8 and 9. During 2024, the Company's board of directors ("the Board") acknowledged that its employees' commitment to customer experience and innovation enables the Company to operate effectively in a competitive market.
- **Energy customers:** details of how the Company engages with its customers are explained in the 'Energy customers' section of the Strategic Report, on pages 9 to 11. During 2024, the Board approved the express adoption by the Company of the ScottishPower Data Protection Policy which applies to the processing of any personal data, including customer data, by the Company.
- **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 11. During 2024, the Board acknowledged that the Company continually strives to be a trusted, respected and integrated part of the community and is committed to reducing its environmental footprint.

SCOTTISHPOWER ENERGY RETAIL LIMITED
STRATEGIC REPORT *continued*

SECTION 172 STATEMENT *continued*

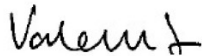
- **Suppliers and contractors:** details of how the Company engages with its suppliers are set out in the 'Suppliers and contractors' section of the Strategic Report, on pages 11 to 12. During 2024, the Board acknowledged that the Company aims to develop and maintain strong relationships across its supply base with a focus on health and safety, quality, cost and sustainability.
- **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 12. During 2024, the Board acknowledged that the Company continually strives to be a trusted, respected and integrated part of the community and is committed to reducing its environmental footprint.

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 8.

The directors, both individually and together as the 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 the inclusion of stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by all directors.

ON BEHALF OF THE BOARD



Valerie Sim
Director
25 September 2025

SCOTTISHPOWER ENERGY RETAIL LIMITED

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 14:

- 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 was £182.7 million (2023 profit of £434.6 million). No dividend was paid during the current year or prior year.

Board composition

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

Andrew Ward
Valerie Sim

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 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;
- 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 the 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.

SCOTTISHPOWER ENERGY RETAIL LIMITED
DIRECTORS' REPORT *continued*

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company 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 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



Valerie Sim
Director
25 September 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISHPOWER ENERGY RETAIL LIMITED

Opinion

We have audited the financial statements of ScottishPower Energy Retail Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and 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 have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. 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 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.

Since the entity may need financial support from other group entities, we assessed the risk that this support would not be available. We inspected letters received by the directors indicating the group's intention to provide this support, examined financial statements and internally provided projections to assess its ability to provide this support over the period of the audited entity's going concern assessment, and assessed the business reasons why the group may or may not choose to provide this support.

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; and
- we found the going concern disclosure in note 1B2 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISHPOWER ENERGY RETAIL LIMITED *continued*

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

- Consultation with our own forensic professional regarding the identified potential fraud risks. This involved discussion between the forensic professional and the senior members of the engagement team.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform 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 such as the bad debt provision. Our forensic specialists assisted us in identifying key fraud risks. This included attending calls with the audit team, holding discussion with the engagement partner, engagement manager, and assisting with designing and executing relevant audit procedures to respond to the identified fraud risk.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenues consist mainly of routine, non-complex transactions which are subject to systematic processing and do not require significant judgements and the Company has an established process for estimating accrued revenue based on external data from the National Settlement Systems.

We also identified a fraud risk related to recoverability of domestic & SME customer receivables in response to manual overlay adjustments in respect of the bad debt provision, due to the subjectivity involved in determining this estimate providing opportunity for management to manipulate results.

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.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing recoverability of domestic & SME customer receivables for bias.
- We engaged KPMG macroeconomic specialists to perform analysis and additional sensitivities.

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 others 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 related companies legislation), distributable profits legislation and taxation 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, Ofgem regulations, fraud, corruption and bribery legislation, and 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISHPOWER ENERGY RETAIL LIMITED *continued*

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

the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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:

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

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 pages 15 and 16, 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.

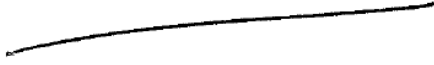
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCOTTISHPOWER ENERGY RETAIL LIMITED *continued*

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.



William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS

26 September 2025

SCOTTISHPOWER ENERGY RETAIL LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 December 2024

	Notes	2024 £m	2023 £m
NON-CURRENT ASSETS			
Intangible assets	3	114.1	88.3
Property, plant and equipment	4	119.4	130.4
Right-of-use assets		0.1	0.2
		233.6	218.9
CURRENT ASSETS			
Inventories	5	267.3	237.8
Trade and other receivables	6	1,077.3	1,471.9
Cash		7.5	3.3
		1,352.1	1,713.0
TOTAL ASSETS		1,585.7	1,931.9
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
Share capital		55.4	55.4
Hedge reserve		(1.3)	(0.4)
Retained earnings		73.5	(109.2)
TOTAL EQUITY		127.6	(54.2)
NON-CURRENT LIABILITIES			
Derivative financial instruments		1.0	0.5
Other financial liabilities		0.2	1.0
Lease liabilities		-	0.1
Trade and other payables	7	0.6	0.5
Income tax liabilities		6.2	6.2
Deferred tax liabilities	8	9.6	3.8
		17.6	12.1
CURRENT LIABILITIES			
Provisions	9	253.8	289.5
Derivative financial instruments		0.6	-
Other financial liabilities		0.5	0.5
Lease liabilities		0.1	0.1
Trade and other payables	7	1,133.5	1,628.7
Current tax liabilities		52.0	55.2
		1,440.5	1,974.0
TOTAL LIABILITIES		1,458.1	1,986.1
TOTAL EQUITY AND LIABILITIES		1,585.7	1,931.9

Approved by the Board and signed on its behalf on 25 September 2025.



Valerie Sim
Director

The accompanying Notes 1 to 19 are an integral part of the Statement of financial position as at 31 December 2024.

SCOTTISHPOWER ENERGY RETAIL LIMITED
INCOME STATEMENT
for the year ended 31 December 2024

		2024	2023
	Notes	£m	£m
Revenue	10	4,690.4	7,610.6
Procurements		(3,608.8)	(6,161.3)
GROSS MARGIN		1,081.6	1,449.3
Staff costs	11	(67.2)	(62.8)
External services		(415.5)	(423.1)
Other operating results		28.3	37.4
Net operating costs		(454.4)	(448.5)
Taxes other than income tax	12	(228.8)	(181.8)
GROSS OPERATING PROFIT		398.4	819.0
Net expected credit losses on trade and other receivables		(108.0)	(207.0)
Depreciation and amortisation charge, allowances and provisions	13	(76.1)	(86.4)
OPERATING PROFIT		214.3	525.6
Dividends received		-	0.4
Finance income	14	30.1	32.0
Finance costs	15	(0.3)	(1.4)
PROFIT BEFORE TAX		244.1	556.6
Income tax	16	(61.4)	(122.0)
NET PROFIT FOR THE YEAR		182.7	434.6

Net profit for both years is attributable to the equity holder of ScottishPower Energy Retail Limited.

All results relate to continuing operations.

The accompanying Notes 1 to 19 are in integral part of the Income statement for the year ended 31 December 2024.

SCOTTISHPOWER ENERGY RETAIL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

	2024	2023
	£m	£m
NET PROFIT FOR THE YEAR	182.7	434.6
Items that may be reclassified to the Income statement:		
Cash flow hedges:		
Change in the value of cash flow hedges	(1.2)	(0.5)
Tax relating to cash flow hedges	0.3	0.1
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(0.9)	(0.4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	181.8	434.2

Total comprehensive income for both years is wholly attributable to the equity holder of ScottishPower Energy Retail Limited.

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

	Share capital (Note (a)) £m	Hedge reserve (Note (b)) £m	Retained earnings (Note (c)) £m	Total £m
At 1 January 2023	55.4	-	(543.8)	(488.4)
Profit for the year attributable to the equity holder of the Company	-	-	434.6	434.6
Changes in the value of cash flow hedges	-	(0.5)	-	(0.5)
Tax relating to cash flow hedges	-	0.1	-	0.1
At 1 January 2024	55.4	(0.4)	(109.2)	(54.2)
Profit for the year attributable to the equity holder of the Company	-	-	182.7	182.7
Changes in the value of cash flow hedges	-	(1.2)	-	(1.2)
Tax relating to cash flow hedges	-	0.3	-	0.3
At 31 December 2024	55.4	(1.3)	73.5	127.6

(a) At 31 December 2024, the Company had 55,407,000 allotted, called up and fully paid ordinary shares of £1 each (2023 55,407,000). 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) The hedge reserve represents the balance of gains and losses on cash flow hedges (net of taxation) not yet transferred to income or the carrying amount of a non-financial asset.

(c) 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 19 are an integral part of the Statement of comprehensive income and the Statement of changes in equity for the year ended 31 December 2024.

SCOTTISHPOWER ENERGY RETAIL LIMITED

NOTES TO THE ACCOUNTS

31 December 2024

1 BASIS OF PREPARATION

A COMPANY INFORMATION

ScottishPower Energy Retail Limited, registered company number SC190287, is a private company limited by shares. It is incorporated in Scotland and its registered office 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 apart from certain financial liabilities measured at fair value.

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 intangible assets, property, plant and equipment and right of use 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, IAS pronouncements; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Scottish Power UK plc ("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;
- certain disclosures required by IAS 7 'Statement of Cash Flows' in respect of supplier financing arrangements; and
- disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

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 undertake the retail sale of electricity and gas within the group headed by SPUK, 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 operates a cash pooling arrangement, which the Company is party to. Centralised funding and cash management aligns with the Iberdrola Group model. There has been no indication that these arrangements may change.

The directors have performed a going concern assessment which indicates that the Company will have sufficient funds 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. Nevertheless, as the group operates a centralised treasury function and in order to take account of reasonably possible downsides, SPUK has indicated its intention to continue to make available such funds as may be 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.

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.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

1 BASIS OF PREPARATION *continued*

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 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' and
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures': 'Supplier Finance Arrangements'

2 JUDGEMENTS, ESTIMATION UNCERTAINTIES AND PRINCIPAL ACCOUNTING POLICIES

Management makes a number of judgements and assumptions regarding the future and about other sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the reported amounts of assets and liabilities within the next financial year. The significant estimation uncertainties and other judgements made by management are set out below.

SIGNIFICANT ESTIMATION UNCERTAINTIES

Expected credit losses ("ECLs") on trade receivables

The Company applies the IFRS 9 simplified model to measure ECLs, which uses a lifetime expected loss allowance, for all energy customers' trade receivables. The Company has adopted the practical expedient whereby it calculates the ECL on energy customers' domestic and SME trade receivables using a provision matrix. In line with previous years, the provision rates are based upon the customers' payment plan, historical credit loss experience and, where possible, adjusted for forecast information. To establish levels of ECLs for these customers, the recoverability of equivalent balances from the previous three years have been reviewed.

There is a level of estimation uncertainty in determining the provision for domestic and SME customers, recognising the recovery of additional historic debt created as a result of the moratorium on PPMs and the energy crisis, as well as new bad debt build up from ongoing affordability concerns and the new rules which extend the group of customers who are deemed not suitable for PPMs. In line with IFRS 9, a forward-looking loss allowance has been included to ensure that external factors are appropriately mitigated.

Included within the gross carrying amount of trade receivables is £931.8 million (2023 £897.4 million) of billed receivables. The loss allowance in relation to billed receivables is £332.7 million (2023 £286.9 million). While the methodology and assumptions applied in estimating the ECL for the year ended 31 December 2024 and the provision held at that date in respect of the energy customers' trade receivables are deemed to be appropriate, a change in these assumptions could materially impact the value of ECLs recorded within the next twelve months.

The actual level of billed receivables collected may differ from the estimated levels of recovery, which could impact operating profit positively or negatively. At 31 December 2024, the loss allowance for billed receivables of £332.7 million was supported by a projection based on a 36-month cash collection performance. A 5% increase in the overall expected loss rate would increase the loss allowance by £46.6 million. A 5% decrease would decrease the loss allowance by £46.6 million. Given the three-year average movement in the loss allowance percentage and recognising the ongoing risk in customers' ability to pay due to the cost of living crisis, a 5% loss allowance sensitivity is considered appropriate.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

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

Accrued 'unbilled' revenue

The Company operates in the Great British ("GB") energy industry, 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 is included as unbilled revenue within Trade and other receivables and where customer accounts are in a net credit balance (after applying unbilled estimates), is included in Other payables within Trade and other payables. 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. While these assumptions are believed to be appropriate, a change in these assumptions could materially impact the value of the accrued revenue recorded within the next twelve months. 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, taking into account the current unbilled position, historical trends, and any other known factors. 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. This methodology is consistent with prior years and in line with prior years, settlement data received post year end was reviewed and supported the level of constraint.

The estimated value of energy delivered to customers is included within billed revenue (where an estimated reading is included within an issued invoice) and unbilled revenue (where no invoice has been issued). The net unbilled position at 31 December 2024 of £(240.8) million (2023 £(384.1) million), relates primarily to energy delivered in the final months of the year. This includes Gross unbilled revenue included within the Statement of financial position at 31 December 2024 of £513.2 million (2023 £694.8 million), which contains a £43.6 million (2023 £53.8 million) revenue constraint. This is before applying customer credit balances of £728.4 million (2023 £1,051.0 million) in relation to customers in arrears after applying unbilled charges and a £25.6 million (2023 £27.9 million) provision in respect of ECLs. For further details on ECLs, refer to Note 2E.

Had actual consumption been 6% higher or lower than the estimate of units supplied (the average variance based on recent historical analysis), this would have resulted in revenue recognised for unbilled amounts being £48.5 million higher and lower respectively. The value assigned to this volume sensitivity is based on a weighted average price per unit derived from the billing systems. Approximately 95% of unbilled revenue relates to the most recent quarter where there is a higher level of estimation uncertainty.

NON SIGNIFICANT JUDGEMENT

Consideration of climate change

The impact of climate change, including risks identified in the Strategic Report on page 6, on the financial statements has been considered. No material impact on the judgements and estimates made in the preparation of the financial statements has been identified. This consideration focussed on the going concern position of the Company, including the cash flow forecasts prepared for the directors' assessment referred to in Note 1B2.

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

(a) 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 costs is on a straight-line basis over their operational lives, which is generally up to five years. Maintenance costs are expensed as incurred.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

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

Costs directly attributable to the development of computer software programmes, that are expected to generate economic benefit 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 Other financial 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. 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) Customer contract costs

The Company capitalises the incremental costs of obtaining certain customer contracts, principally sales commissions, if they are expected to be recovered. These are recorded as a separate asset class within Intangible assets and amortised on a systematic basis according to the average expected life of contracts with customers that are associated with such costs. The amortisation period is between two and four years. The Company has elected to apply the amortisation period to a portfolio of contracts with similar characteristics as the Company expects that the effect on the financial statements is not materially different from applying it to the individual contracts.

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 once commissioned. Property, plant and equipment includes capitalised employee costs and other 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:

Other facilities			10
Other items of property, plant and equipment	4	-	50

C IMPAIRMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND LEASED ASSETS

At each reporting date, the Company reviews the carrying amount of its intangible assets, 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 (the greater of its value-in-use and its fair value less costs to sell) is estimated in order to determine the extent of the impairment loss (if any). In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, the risks specific to the asset and lease liabilities under IFRS 16.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment is recognised in the Income statement in the period in which it is identified. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised, net of depreciation or amortisation, if no impairment loss had been recognised.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

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

D RETIREMENT BENEFITS

ScottishPower provides pensions through two defined benefit schemes and one defined contribution retirement benefit scheme in the UK. ScottishPower Energy Retail Limited 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 in respect of pension costs is the contributions payable in the year.

E 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.

E1 FINANCIAL ASSETS

E1.1 CLASSIFICATION

Financial assets are classified as being measured at amortised cost or fair value through profit and loss ("FVTPL"). 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.

E1.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

Trade receivables are initially recognised when they originate. All other financial assets are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Subject to two exceptions, financial assets are initially measured at fair value. The two exceptions are 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"), and financial assets not classified as FVTPL which are measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

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

Financial assets classified as FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Income statement unless the financial asset is a derivative which is part of a hedging relationship (refer to Note2E2.4).

(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; there is no reasonable expectation of recovering all, or a portion of, the contractual cash flows.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

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

(d) Impairment of financial assets

(i) Measurement of ECLs

The Company has adopted the simplified ECL model for its trade receivables and the general ECL model for all other financial assets measured at amortised cost. Further details of loss allowances are set out on Note 6.

In applying the simplified model, loss allowances for trade receivables are measured at an amount equal to lifetime ECL. The Company has segmented its trade receivables between those relating to energy customer debt and those within the rest of the Iberdrola Group. For each grouping, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for, where possible, forward-looking factors specific to the debtors and the economic environment in which they operate.

For energy customer debt, ECLs are calculated based upon a provision matrix approach that reflects the risk inherent in different payment plans, the differences in collection rates between debt attributable to current or lost (final) customers and the greater challenge in collecting older debt balances. For I&C customers, the ECL is based on external credit scoring. The Energy Customer Credit Risk and Corporate Risk teams remain vigilant in tracking any liquidity issues on existing customers to identify any pre-emptive actions required, including putting collateral or letters of credit in place. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and those the Company expects to receive).

ECLs for all other financial assets are recognised using the general model which works as follows:

- for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses resulting from default events that are considered possible within the shorter of the next twelve months and the life of the financial asset (a twelve-month ECL); and
- for credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

As an exception to the general model, if the credit risk of a financial instrument is low at the reporting date, management can measure impairment using a twelve-month ECL and so it does not have to assess whether a significant increase in credit risk has occurred. For this operational simplification to apply, the financial instrument has to meet the following requirements:

- it has a low risk of default;
- the borrower is considered, in the short-term, to have a strong capacity to meet its obligations; and
- the lender expects, in the longer-term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

The Company considers financial assets to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Company considers this to be BBB- or higher per rating agency S&P Global Ratings. Therefore, all of the Company's other financial assets are considered to have low credit risk at both the beginning and end of the reporting period.

The Company has different definitions of default (risk of non-payment) for different groups of customers and receivables. For some groups it is based upon the number of days past due and for others it is when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amount in full (before taking into account any credit enhancements held by the Company). These varying definitions of default are inherent in the loss allowances applied in both the simplified and general ECL models.

(ii) Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are 'credit-impaired'. This is the case when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Generally, receivables are credit impaired when payment is past the contractual payment date.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

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

E2 FINANCIAL LIABILITIES

E2.1 CLASSIFICATION

Financial liabilities are classified as measured at FVTPL or amortised cost. A financial liability is classified as FVTPL if it is classified as held-for-trading, a derivative financial instrument or otherwise designated as such on initial recognition.

E2.2 RECOGNITION AND MEASUREMENT

(a) Initial recognition and measurement

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

(b) Subsequent measurement and gains and losses

Financial liabilities classified as FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Income statement. Unless the financial liability is a derivative which is part of a hedging relationship (refer to Note 2E2.4).

Other 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. Any gain or loss on derecognition is also recognised in the Income statement. This is the category most relevant to the Company as it includes 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.

(c) Derecognition

The Company derecognises a financial liability when the obligation under that liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability recognised. The difference in their respective carrying amounts is recognised in the Income statement.

E2.3 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company offsets a financial asset and a financial liability, and reports the net amount, only when the Company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

E2.4 CASH FLOW HEDGES

For forward foreign currency contracts, the Company designates the spot and forward elements as the hedging instrument. The portion of gain or loss of the hedging instrument determined to be an effective hedge is recognised within Other comprehensive income within the hedge reserve. The associated gains or losses on the derivative (previously recognised in Other comprehensive income) are recorded in the Income Statement when the underlying transaction is recognised in the income statement.

In the case of cash flow hedging, any gain or loss that has been recognised in equity remains there until the forecast transaction occurs. If the transaction is no longer expected to occur, the gain or loss previously deferred in the Cash flow hedge reserve is recognised in the Income statement. The Company discontinues hedge accounting when the hedge instrument expires or is sold, terminated or exercised, or when the hedge relationship no longer qualifies for hedge accounting.

F RENEWABLES OBLIGATION CERTIFICATES

The Company participates in the Renewables Obligation (“RO”) scheme administered by Ofgem. As there are no specific rules under IAS dealing with their treatment, the Company classifies Renewables Obligation Certificates (“ROCs”) as inventories because they are a direct input cost to the process of supplying customers. ROCs are recognised at their acquisition cost and charged to the Income statement as the obligations arise.

The Company recognises liabilities in respect of its obligations to deliver ROCs at the value at which they were initially recorded on the Statement of financial position. Any estimated shortfall in the liability is calculated based on the relevant buyout price at the reporting date. ROCs surrendered to meet the RO utilises the related provision and is a non-cash movement.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

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

G 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.

(a) Supply of electricity and gas

The Company's performance obligations are the supply of electricity and/or gas to customers. Both these performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits of the Company's performance as it supplies electricity and gas. 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, in line with IFRS 15, revenue is recognised in the amount to which the Company has a right to invoice based on the volume of units supplied during the year and the tariff agreed with the customer.

The Company participated in various government support schemes designed to support energy customers in GB through the current cost of living crisis. The EPG scheme (which commenced on 1 October 2022 and ran until 31 March 2024) required suppliers to charge a reduced tariff to domestic customers where their contractual tariff exceeded a government-set rate. The Energy Bill Relief Scheme ("EBRS") scheme also commenced on 1 October 2022 but ended on 31 March 2023 and was replaced by the similar Energy Bill Discount Scheme ("EBDS") scheme which ran from 1 April 2023 until 31 March 2024. These later schemes required suppliers to apply a capped discount to the bills of non-domestic customers where their contractual rate exceeded the government-set rate. Therefore, the revenue recognised for the duration of these schemes was in line with IFRS 15 and based on the volume of units supplied to customers and the reduced or discounted tariff as determined by the scheme rules.

The Company operates in the GB energy industry, 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, taking into account the current unbilled position, historical trends, and any other known factors such as the current economic climate. The value assigned to these estimated volumes is based on a weighted average price per unit derived from the billing systems. This methodology is consistent with prior years.

Invoices are generally raised at monthly or quarterly intervals, which customers typically settle on the same basis respectively, except for prepayment customers who pay in advance. Billed and unbilled revenues are recorded in receivables. Amounts in contract liabilities consist of direct debit customer payments that are in excess of the associated units of energy delivered, and final customer credits.

Government support has been received by the Company to fund the EPG, EBRS and EBDS schemes. Government grants are assistance by government in the form of transfers of resources in return for past or future compliance with certain conditions relating to the operating activities of the entity. Such grants are recognised in the Income statement on a systematic basis over the periods in which the costs for which the grants are intended to compensate are expensed; where the income receivable is compensation for expenses or losses already incurred, the grant income is recognised in the Income statement in the period in which it becomes receivable. All three schemes were considered to be a government grant with the income received being recognised in line with the energy consumption by each eligible customer throughout the scheme periods. The income recognised in line with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' ("IAS 20") was recorded in Revenue – Revenue received from government support schemes in the Income statement as the funding was support for lost customer revenue. There is no difference in the timing of the recognition of this revenue under IAS 20 compared to under IFRS15 had the schemes not been in place. As the grant funding has been paid in arrears, the amounts due from the UK Government have been accrued within Other receivables – Receivables in respect of government support schemes on the Statement of financial position until paid.

(b) Other revenues

Other revenues, comprises various revenue streams which are all individually immaterial, including revenues in relation to the Smart Solutions business. For each revenue stream, revenue is recognised based on the consideration specified in

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

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

the relevant contract with the customers, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in the future. As relevant for each revenue stream, and in line with the performance obligations in each contract, the Company recognises revenue either at a specific point in time or over a period of time based on when control is transferred to the customer.

H PROCUREMENTS

Procurements are principally the cost of electricity and gas purchased in relation to energy supply, and related direct costs and services for the use of the energy network. Costs are recorded on an accruals basis.

I OTHER OPERATING RESULTS

Other operating results is principally comprised of recharges of Company activities to other Iberdrola Group companies.

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 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 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, except where it relates to items charged or credited to equity (via the Statement of comprehensive income), in which case the deferred tax is also recognised in equity and is shown in the 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 except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or shown in the Statement of comprehensive income. For income tax arising on dividends, the related tax is recognised in the Income statement, Statement of other comprehensive income, or in equity consistently with the transactions that generated the distributable profits.

K GOVERNMENT SUPPORT SCHEMES – ENERGY BILLS SUPPORT SCHEME AND ALTERNATIVE FUEL PAYMENT SCHEMES

The Company participated in the EBSS and Alternative Fuel Payment (“AFP”) schemes which were designed to support energy customers in GB through the cost of living crisis, running alongside the EPG and EBRS schemes discussed at Note 2G above. The EBSS was effective from 25 September 2022 and required suppliers to provide £400 to domestic electricity customers between October 2022 and March 2023. The Domestic AFP scheme, which was effective from 25 January 2023 and ran for one year, required suppliers to provide £200 to domestic users of alternative fuels who they had a contractual relationship with. The equivalent AFP scheme for non-domestic users of alternative fuels was effective from 8 February 2023 and ran for one year and required suppliers to provide a payment of £150. The Company generally received funding from the UK Government in advance of the payments being made to customers. The funds were recorded as Other payables – Payables in respect of government support schemes until the customer payments were made. Income was recognised as Revenue – Revenue received from government support schemes in the Income statement upon making the customer payment. In line with IFRS 15, the consideration payable to the customer was recorded as a reduction to Revenue. Where customer payments were made in advance of the government funding being received, the costs were recorded as prepaid scheme obligation costs. The Company was restricted in how it could use the cash received from the UK Government and held a ring-fenced bank account in relation to the EBSS. The restrictions did not change the nature of the assets, only the purpose for which they could be used, thus the funds were considered as a component of Cash equivalents.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

3 INTANGIBLE ASSETS

Year ended 31 December 2024	Notes	Computer software £m	Customer contract costs £m	Total £m
Cost:				
At 1 January 2024		346.6	148.5	495.1
Additions	(a)	25.0	59.0	84.0
Disposals		(195.2)	(63.4)	(258.6)
At 31 December 2024		176.4	144.1	320.5
Amortisation:				
At 1 January 2024		314.5	92.3	406.8
Amortisation for the year	(b)	10.1	42.6	52.7
Disposals		(189.7)	(63.4)	(253.1)
At 31 December 2024		134.9	71.5	206.4
Net book value:				
At 31 December 2024		41.5	72.6	114.1
At 1 January 2024		32.1	56.2	88.3

(a) Included within computer software additions is £1.9 million (2023 £0.1 million) from internal development.

(b) The cost of fully amortised computer software still in use at 31 December 2024 was £112.2 million (2023 £289.6 million).

4 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment in use

Year ended 31 December 2024	Smart meters and measuring devices £m	Other facilities (Note(i)) £m	Other items of property, plant and equipment in use (Note(ii)) £m	Plant in the course of construction £m	Total £m
Cost:					
At 1 January 2024	10.9	208.2	23.4	0.6	243.1
Additions	-	3.6	0.3	2.7	6.6
Disposals	-	-	(0.4)	-	(0.4)
At 31 December 2024	10.9	211.8	23.3	3.3	249.3
Depreciation:					
At 1 January 2024	9.5	91.0	12.2	-	112.7
Depreciation for the year	0.3	16.1	1.2	-	17.6
Disposals	-	-	(0.4)	-	(0.4)
At 31 December 2024	9.8	107.1	13.0	-	129.9
Net book value:					
At 31 December 2024	1.1	104.7	10.3	3.3	119.4
At 1 January 2024	1.4	117.2	11.2	0.6	130.4

(i) Other facilities comprise smart meter infrastructure assets.

(ii) Other items of property, plant and equipment principally comprises land and buildings, and IT equipment.

(iii) The cost of fully depreciated property, plant and equipment still in use at 31 December 2024 was £16.8 million (2023 £16.3 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 £0.2 million (2023 £0.2 million).

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

5 INVENTORIES

	Notes	2024 £m	2023 £m
ROCs	(a)	266.7	236.8
Other inventories		0.6	1.0
		267.3	237.8

(a) ROCs surrendered in the year are used to settle the provision for the Renewables Obligation. Refer to Note 2F and Note 9.

(b) Inventories with a value of £339.3 million (2023 £382.3 million) were recognised as an expense in the year.

6 CURRENT TRADE AND OTHER RECEIVABLES

	Notes	2024 £m	2023 £m
Receivables due from related parties	(a)	24.3	21.8
Receivables due from related parties – loans	(b)	287.3	407.2
Receivables due from related parties – interest		26.9	29.3
Trade receivables (including unbilled revenue)	(c)	684.2	944.6
Prepayments		0.8	0.6
Receivables in respect of government support schemes	(d)	32.5	38.9
Other receivables	(a)	21.3	29.5
	(e)	1,077.3	1,471.9

(a) The Company utilises forms of collateral, externally and internally with ScottishPower companies, to manage its credit exposure in respect of the provision of network services. All collateral posted is settled in cash. At 31 December 2024, included within current trade and other receivables the Company posted cash collateral of £36.4 million (2023 £42.5 million). The Company posted letters of credit of £26.5 million (2023 £28.3 million).

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

(c) Included within the gross carrying amount of trade receivables is £931.8 million (2023 £897.4 millions) of billed receivables for domestic and SME customers and £332.7 million (2023 £286.9 million) of loss allowance on this billed debt. This amount is subject to significant estimation uncertainty.

(d) At 31 December 2024, the Company had receivables due from the UK Government of £32.5 million (2023 £35.0 million) relating to the EPG scheme. Also at 31 December 2023, the Company had receivables due from the UK Government of £2.2 million relating to each of the EBRs and £1.7 million relating to EBDS schemes.

(e) The following table provides information about IFRS 15 contract balances included within Trade and other receivables.

	2024 £m	2023 £m
IFRS 15 Receivables	726.2	964.8
Impairment losses on IFRS 15 receivables	108.0	201.2

7 TRADE AND OTHER PAYABLES

	Notes	2024 £m	2023 £m
Non-current:			
Other payables	(a)	0.6	0.5
Current:			
Payables due to related parties		612.0	762.8
Trade payables		170.0	224.0
Other taxes and social security		30.9	77.4
Payments received on account		0.2	1.5
Capital payables and accruals		28.2	21.8
Other payables	(a), (b)	292.2	541.2
	(c)	1,133.5	1,628.7

(a) Included within Other payables is a balance of £284.3 million (2023 £533.3 million) relating to net customer credits after applying unbilled (comprising customer credits of £530.0 million (2023 £894.6 million)) in excess of £245.7 million (2023 £361.4 million) of unbilled receivables. Further information on Accrued ‘unbilled’ revenue, including sensitivity, is detailed in Note 2.

(b) The Company utilises forms of external collateral to manage its credit exposure in respect of business customer accounts. All collateral held is settled in cash. At 31 December 2024, the Company held cash collateral of £1.1 million (2023 £1.4 million) and letters of credit of nil (2023 £5.3 million).

(c) The following table provides information about IFRS 15 contract liabilities included within Trade and other payables.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

7 TRADE AND OTHER PAYABLE *continued*

	2024	2023
	£m	£m
Contract liabilities	284.0	534.8

Contract liabilities consists of direct debit customer payments that are in excess of the associated units of energy delivered and final customer credits. The downward movement is due to the high price cap average bills coming down to a more business as usual level now that energy bills have stabilised. The amount of contract liabilities recognised as income in the year is £502.3 million (2023 £436.8 million).

8 DEFERRED TAX

Deferred tax recognised in the Accounts is as follows:

	Property, plant and equipment	Derivative financial instruments	Trading losses	Other temporary differences	Total
	£m	£m	£m	£m	£m
At 1 January 2023	3.6	-	(18.9)	(1.2)	(16.5)
Charge to the Income statement	0.5	-	18.9	1.0	20.4
Recorded in the statement of comprehensive income	-	(0.1)	-	-	(0.1)
At 1 January 2024	4.1	(0.1)	-	(0.2)	3.8
Charge to the Income statement	6.1	-	-	-	6.1
Recorded in the statement of comprehensive income	-	(0.3)	-	-	(0.3)
At 31 December 2024	10.2	(0.4)	-	(0.2)	9.6

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. At 31 December 2024, the Company had unutilised capital losses of £15.1 million (2023 £15.1 million). No deferred tax asset was recognised in either year due to the unpredictability of suitable future profit streams against which these losses may be utilised.

9 CURRENT PROVISIONS

	Reorganisation and restructuring (Note(a))	Renewables Obligation (Note(b))	Other (Note(c))	Total (Note(d))
	£m	£m	£m	£m
At 1 January 2023	2.8	326.7	1.4	330.9
New provisions	-	388.7	5.3	394.0
Utilised during year	(2.7)	(432.5)	-	(435.2)
Released during year	(0.1)	-	(0.1)	(0.2)
At 31 December 2023 and 1 January 2024	-	282.9	6.6	289.5
New provisions	-	347.5	0.3	347.8
Utilised during year	-	(379.5)	(1.5)	(381.0)
Released during year	-	(1.6)	(0.9)	(2.5)
At 31 December 2024	-	249.3	4.5	253.8

- (a) The reorganisation and restructuring provision relates to restructuring programmes launched in previous years. The balance of this provision was utilised in 2023.
- (b) The provision for Renewables Obligation at 31 December 2024 principally represents the value of ROCs for 2024 expected to be delivered in 2025. The utilisation of £379.5 million in the year represents the ROCs surrendered to meet the annual RO. The provision is not discounted. Refer to Note 2F for the accounting policy.
- (c) The provisions at both 31 December 2024 and 31 December 2023 are not individually material to warrant separate disclosure.
- (d) All provisions will be utilised in 2025.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

10 REVENUE

Disaggregation of revenue

		2024	2023
	Notes	£m	£m
Supply of electricity	(a), (b)	3,316.5	4,467.4
Supply of gas	(a), (b)	1,388.2	1,709.9
Revenue received from government support schemes	(c)	(23.3)	1,426.2
Other		9.0	7.1
	(d)	4,690.4	7,610.6

- (a) As explained in Accrued 'unbilled' revenue as part of Note 2 and Note 2H, Revenue from the supply of electricity and gas includes an estimate of the units supplied to customers between the date of their last meter reading and the year end.
- (b) Revenue received for the year ended 31 December 2023 in respect of the EBSS and domestic and non-domestic AFP schemes (accounted for under IFRS 15) was £509.1 million, £39.7 million and £4.8 million respectively. All revenue received in respect of government schemes accounted for under IFRS 15 is offset by an equal amount paid to the customer. No revenue was recognised in respect of these schemes for the year ended 31 December 2024 as they are now closed.
- (c) Revenue received for the year ended 31 December 2024 in respect of the EPG, EBDS and EBRS schemes (accounted for as government grants) was £(25.4) million (2023 £1,322.8 million), £2.3 million (2023 £12.1 million) and £(0.2) million (2023 £91.3 million). The debit to revenue in year in relation to revenue from government schemes is primarily attributable to the ongoing settlement and reconciliation process for the EPG scheme.
- (d) All revenue is recognised over time and arises from operations within the UK.

11 EMPLOYEE INFORMATION

(a) Staff costs

	2024	2023
	£m	£m
Wages and salaries	53.2	48.4
Social security costs	5.6	5.0
Pension and other costs	10.4	9.5
	69.2	62.9
Capitalised staff costs	(2.0)	(0.1)
	67.2	62.8

(b) Employee numbers

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

	Average	Average
	2024	2023
Administrative staff	548	523
Operations	384	402
Total	932	925

(c) Retirement benefits

The Company's contributions payable in the year were £7.9 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 £125.1 million (2023 £123.2 million). The employer contribution rate for these schemes in the year ended 31 December 2024 was 52.9-53.4%.

12 TAXES OTHER THAN INCOME TAX

		2024	2023
	Note	£m	£m
Other taxes	(a)	228.8	181.8

- (a) Other taxes mainly comprises obligations specific to the energy industry, principally ECO and WHD.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

13 DEPRECIATION AND AMORTISATION CHARGE, ALLOWANCES AND PROVISIONS

	2024	2023
	£m	£m
Property, plant and equipment depreciation charge	17.6	16.8
Right-of-use asset depreciation charge	0.2	0.2
Intangible asset amortisation charge	52.7	69.4
Charges and provisions and allowances	5.6	-
	76.1	86.4

14 FINANCE INCOME

	2024	2023
	£m	£m
Interest on bank and other deposits	1.9	2.1
Interest receivable from related parties	28.2	29.8
Foreign exchange gains	-	0.1
	30.1	32.0

15 FINANCE COSTS

	2024	2023
	£m	£m
Interest on bank loans and overdrafts	-	0.9
Interest on other borrowings	0.3	0.3
Interest on lease liabilities	-	0.1
Foreign exchange losses	-	0.1
	0.3	1.4

16 INCOME TAX

	2024	2023
	£m	£m
Current tax:		
UK Corporation Tax for the year	58.4	62.2
Adjustments in respect of prior years	(3.1)	39.4
Current tax for the year	55.3	101.6
Deferred tax:		
Origination and reversal of temporary differences	2.8	69.8
Adjustments in respect of prior years	3.3	(49.5)
Impact of tax rate change	-	0.1
Deferred tax for the year	6.1	20.4
Income tax for the year	61.4	122.0

The tax charge on profit on ordinary activities 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%)	61.0	130.8
Adjustments in respect of prior years	0.2	(10.1)
Impact of tax rate change on current year tax	-	0.1
Non-deductible expenses and other permanent differences	0.2	1.2
Income tax for the year	61.4	122.0

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.

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

17 FINANCIAL COMMITMENTS

	2024						Total £m
	2025 £m	2026 £m	2027 £m	2028 £m	2029 £m	2030 and thereafter £m	
Capital Commitments	3.7	-	-	-	-	-	3.7
Other contractual commitments	28.4	-	-	-	-	-	28.4

	2023						Total £m
	2024 £m	2025 £m	2026 £m	2027 £m	2028 £m	2029 and thereafter £m	
Capital Commitments	0.5	-	-	-	-	-	0.5
Other contractual commitments	18.6	-	-	-	-	-	18.6

18 RELATED PARTY TRANSACTIONS

(a) Transactions and balances arising in the normal course of business (excluding wholly-owned subsidiaries of Iberdrola, S.A.)

	2024	2023
	Other Iberdrola Group companies £m	Other Iberdrola Group companies £m
Types of transaction		
Purchases and receipt of services	(173.6)	(252.2)
Balances outstanding		
Trade and other receivables	0.8	0.6
Trade and other payables	(35.8)	(32.8)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

(b) Directors' remuneration

The remuneration of the directors who provided qualifying services is set out below. As these directors are remunerated for their work for the group headed by SPRHL, it has not been possible to apportion the remuneration specifically in respect of services to this company. Both (2023 both) of the directors who served during the year were remunerated directly by the Company.

	2024 £000	2023 £000
Aggregate remuneration in respect of qualifying services	657	658
Number of directors who exercised share options	2	2
Number of directors who received shares under a long-term incentive scheme	2	2
Number of directors accruing retirement benefits under a defined benefit scheme	2	2

	2024 £000	2023 £000
Highest paid director		
Aggregate remuneration	457	471
Accrued pension benefit	83	82

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

SCOTTISHPOWER ENERGY RETAIL LIMITED
NOTES TO THE ACCOUNTS *continued*
31 December 2024

18 RELATED PARTY TRANSACTIONS *continued*

(c) Immediate and ultimate parent company

The immediate parent company is SPRH. The registered office of SPRH is 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, Scotland, G2 5AD.

19 AUDITOR'S REMUNERATION

	2024	2023
	£m	£m
Audit of the Annual accounts	0.8	0.7