

ESPUG Finance Limited

Annual Report and Financial Statements

Year Ended

31 December 2025

Registered number 10933801

ESPUG Finance Limited

Annual report and financial statements for the year ended 31 December 2025

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Directors

Justin Barter
Anna Dellis
Simon Lees
Simon Loh
Liam McAvoy
Paul Miles
Kevin O'Connor
Bernardo Sottomayor
Victoria Spiers
Yaadvinder Virdee

Secretary and registered office

Beach Secretaries Limited, First Floor Kings Court, 41-51 Kingston Road, Leatherhead, KT22 7SL

Company number

10933801

Auditor

Deloitte LLP, 2 New Street Square, London. EC4A 3BZ

ESPUG Finance Limited

Strategic report for the year ended 31 December 2025

Principal activities and future developments

The principal activity of the Company is that of a holding company. The Company holds investments in three trading subsidiaries (together “the Group”): one subsidiary is an electrical distribution company engaged in the development of electrical distribution as an independent operator, one subsidiary is an independent water company, providing water and waste-water to residential and commercial customers, and one subsidiary operates as a gas transportation company engaged in the development of gas pipelines, the transportation of gas and metering services throughout mainland UK.

The Company forms part of the ESP Utilities Group of companies, which in addition to ESPUG Finance Limited comprises ESP Electricity Limited, ESP Water Limited, E.S. Pipelines Limited and ESP Utilities Group Limited.

The Directors consider that there will be no material changes to the business of the Company going forward.

Review of the business

A statement of comprehensive income is set out on page 11 and shows turnover for the period of £nil (2024: £nil) and profit for the period of £35,015,000 (2024: £27,610,000), due to net interest received on intercompany balances.

The Directors considered loan interest to be the main key performance indicator as this is a holding company with the only other material transactions being dividends. Interest payable for the period was £20,065,000 (2024: £13,614,000). Interest received for the period was £26,394,000 (2024: £26,280,000).

A dividend of £39,500,000 was paid during the year (2024: £32,400,000). Dividends of £29,000,000 were received during the year (2024: £15,000,000).

On 5th October 2017 the Company refinanced its external debt borrowings. The Company’s facilities consist of a banking syndicate of seven banks providing £434m of private loan placements, £5m working capital, £100m capital expenditure and £15m liquidity facilities. In October 2021 the working capital, capital expenditure and liquidity facilities were renewed for a further 5 years. The loan notes have maturity dates of ten, fifteen and twenty years at a fixed rate of interest. These loans have an investment grade credit rating of Baa2 from Moody’s Investor Services.

The Group’s ongoing capital expenditure has been funded by ESPUG Finance Limited through a drawdown of £30,000,000 (2024: £20,000,000) on the Capex Loan facility in the year.

Principal risks and uncertainties

The Company is a holding company therefore what is relevant in terms of risks and uncertainties is in respect of the trading of the subsidiaries.

The market for the adoption of new housing networks is competitive. The availability of new housing connections from customers is dependent on the overall housing market, which is dependent upon a positive economic outlook.

The ownership and operation of gas pipelines represents approximately 31% (2024: 32%) of the Group’s revenue. The Office of Gas and Electricity Markets (“Ofgem”) regulates the activities of the Group, including the transportation tariffs that the Group charges. In 2004 Ofgem introduced the Relative Price Control (“RPC”) mechanism. The purpose of RPC is to keep parity between the charges levied by Independent Gas Transporters (iGTs), including the Group’s, and the operators of the Gas Distribution Networks. RPC allows the Group to increase prices partly in line with the Retail Price Index (“RPI”). Therefore, the Group’s income will vary in accordance with RPI.

ESPUG Finance Limited

Strategic report (continued)
for the year ended 31 December 2025

Principal risks and uncertainties (continued)

The Group also operates and maintains the meters connected to its gas pipelines. Meter income represents approximately 10% (2024: 9%) of the Group's revenue. The meter market in the UK has been open to competition since 2004 and over the next 4 years it is forecast that dumb meter revenue will materially decline as a consequence of the Government mandated smart meter roll out. However, the Group business model predicts an increase in the smart meter portfolio as new meters are installed with new connections going forward.

The ownership and operation of electricity connections represents 58% (2024: 58%) of the Group's revenue; the importance of this market is increasing each year as the market matures and more connections are installed on Independent Distribution Network Operator (iDNO) networks. Historically, electricity connections installed were adopted by the incumbent DNOs until 2001 when the market was opened to competition allowing iDNOs to adopt electricity connections. The regulatory changes in April 2010 to standardise the iDNOs' tariffs has opened up most of the market to competition, providing greater opportunities to iDNOs. As the market continues to mature it is expected that the iDNOs will obtain a similar market presence as the iGTs in the gas market.

The Company also operates and maintains meters connected to its gas pipelines. Metering income represents approximately 23% (2024: 23%) of the Company's revenue. The meter market in the UK has been open to competition since 2004 and over the next few years it is forecast that dumb meter revenue will materially decline as a consequence of the Government mandated smart meter roll out. However, the business model predicts an increase in the smart meter portfolio as new meters are installed with new connections going forward.

The UK Government has laid legislation through the Future Homes and Buildings Standard, to prevent new residential gas connections being made in England and Wales to meet its legally binding net zero targets. The standard will come into effect in March 2027 with an additional 12 month transition period for buildings already under construction.

Directors' duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, 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:

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

As part of their induction, a Director is briefed on their duties and they can access professional advice on these. It is important to recognise that the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Group.

ESPUG Finance Limited

Strategic report (continued)
for the year ended 31 December 2025

Risk Management

Consideration of risk is an integral part of how the Company operates on a daily basis and is part of any transactional appraisal. The Board also formally revisits the level of oversight and the monitoring of risks is reviewed by the Board on a regular basis.

Our People

Although the Company has no direct employees, as part of a relatively small Group with 162 (2024: 148) employees operating in one location, we recognise that our employees are fundamental to the success of the business and every single person's contribution counts. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

Business Relationships

Developing strong relationships with stakeholders is fundamental to the Group's strategy. ESP Utilities Group Limited (ESPUG) Directors have regular contact with our customers to ensure we continue to understand their needs and can act as a partner to deliver growth. Engagement with the Regulator and Government Departments is a key priority which ESPUG undertakes bilaterally and as part of the Independent Networks Trade Association (INA), which ESPUG also Chairs. Liaison with our key suppliers is through attendance at industry forums and working groups where modifications to sector codes are developed.

Community and Environment

The Directors are aware of the impact of the Group's operations on the community and environment. The Group is an active participant in the GRESB ESG benchmarking process and is committed to improving its compliance score.

Shareholders

As a Board of Directors, our intention is to behave responsibly towards our shareholders, with whom we work closely to deliver growth and add value, as well as our Lenders who support the Group by providing the funding for growth. Key decisions are made in conjunction with shareholders, whose interests are represented by their three Board appointees.

Key decisions made in the year

Decision	Effect
Decision to invest in expanding ESP Heating During 2024 the Directors took the decision to enter the District Heating market as an alternative to gas heating. Following early success in winning several large sites in 2025, the Directors took the decision to further expand the ESP Heat team both to support further wins, and to manage connections already won as they go live.	
Shareholders	Add to the value of the business through secure long-term increase in revenues.
Employees	Increased profitability provides secure employment prospects, and increased job opportunities for employees.
Customers	A wider commercial offering strengthens our customers' ability to compete within the market, helping them to win business.

ESPUG Finance Limited

Strategic report (continued)
for the year ended 31 December 2025

Key decisions made in the year (continued)

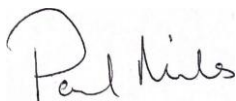
Decision	Effect
Decision to expand the in-house legal team in order to insource easement work for new networks During 2025 the Board recognised that the time taken to secure land easements was causing delays to new networks going live. This caused considerable frustration to both customers and employees. To remedy the problem the decision was taken to bring this in house, and recruit and develop a team to undertake the work, giving the Group more control over the process.	
Shareholders	Added value by improving the Groups competitive offering. Increased revenues from earlier energization of networks.
Employees	More opportunities for career progression assist with staff retention. Increased job satisfaction from helping customers to get networks live.
Customers	Reducing delays with land easements removes a pain point for customers and helps them energise sites efficiently.

Decision	Effect
Decision to increase company contribution to staff pensions During 2025 the Directors reviewed the level of employer contributions to staff pensions, recognising the increasing importance to staff of maximizing future retirement income. Following this review, an increase in the employer pension contribution from 5% to 6% was approved, effective from 1 st January 2026.	
Shareholders	Increasing contributions to staff pensions as part of the wider benefits package is a tax efficient way to improve the marketability of the Group as an employer and improves the retention of trained staff in a continued challenging recruitment market.
Employees	Increased employer pension contributions reduces the financial strain on staff to balance boosting retirement provision without impacting immediate income, improving staff wellbeing and loyalty.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future and have prepared the financial statements on a going concern basis as set out in note 1.

Approved by the Board of Directors on 29th April 2026 and signed on its behalf by



Paul Miles
Director

ESPUG Finance Limited

Directors' report for the year ended 31 December 2025

The review of business and principal risks and uncertainties has been included within the Strategic report on page 1.

Post balance sheet events

On 16th February 2026 the working capital, capital expenditure and liquidity facilities were increased to combined £190m facility and renewed for a further 5 years. Since year end the Group has formed ESP Billing Limited and ESP ISNO Limited to support future growth. Both companies are 100% owned by ESPUG Finance Limited.

Dividends

Dividends of £29,000,000 were received during the year (2024: £15,000,000). Dividends of £39,500,000 were declared and paid during the year (2024: £32,400,000). All dividends were paid within the year.

Directors

The Directors of the Company throughout the year to the date of this report were:

Justin Barter (appointed 1 January 2026)
Anna Dellis
Simon Lees
Simon Loh
Liam McAvoy (appointed 1 January 2025)
Paul Miles
Kevin O'Connor
Victoria Spiers
Bernardo Sottomayor
Yaadvinder Virdee
Peter Whittaker (resigned 31 December 2025)

Directors' duties

Information on directors' duties has been included in the strategic report on pages 2.

Financial instruments

Liquidity risk and cash flow risk

On 6 October 2017 the company entered into new loan note agreements to refinance the Group's external debt borrowings. The facilities consist of lenders providing up to £554m of private loan placements, working capital, capital expenditure and liquidity facilities. In October 2021 the capital expenditure, working capital and liquidity facilities were extended for a further 5 years. These loans have an investment grade credit rating of Baa2 from Moody's Investor Services. Details of the private placement notes can be found in note 12 on page 20.

Credit risk

Credit risk arises principally from the Company's trade and other receivables. Management review all debtors for impairment and are comfortable that all un-provided debts are fully recoverable.

Directors' indemnities

The Company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its directors. The Company has also granted indemnities to each of its directors to the extent permitted by law. Qualifying third party indemnity provisions (as defined in Section 234 of the Act) were in force during the year ended 31 December 2025 and remain in force, in relation to certain losses and liabilities that the directors may incur to third parties in the course of acting as directors or employees of the Company. Neither the Company's indemnity nor its insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently. This indemnity exists for all companies within the Group.

ESPUG Finance Limited

Directors' report
for the year ended 31 December 2025

Energy and carbon disclosures

No SECR reporting has been presented for the Company as this information is included in the consolidated accounts of Zoom Holding Limited (company number 05777758), which can be obtained from Companies House.

Likely future developments in the business of the Company

The Directors consider that having secured long term funding for the Group, as shown in note 12, there will be no material changes to the business of the Company going forward.

Auditor

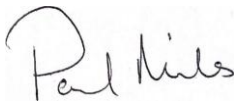
A resolution to reappoint Deloitte LLP will be proposed at the next Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006

Approved by the Board of Directors on 29th April 2026 and signed on its behalf by



Paul Miles
Director

ESPUG Finance Limited

Directors' responsibilities statement for the year ended 31 December 2025

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 accounting 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ESPUG Finance Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ESPUG FINANCE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ESPUG Finance Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ESPUG Finance Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ESPUG FINANCE LIMITED (CONT)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

ESPUG Finance Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ESPUG FINANCE LIMITED (CONT)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

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.



Lindsey Mehrer FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 April 2026

ESPUG Finance Limited

Statement of comprehensive income for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(134)	(56)
		<hr/>	<hr/>
Operating loss	3	(134)	(56)
Exceptional costs	4	(719)	-
Interest payable and similar charges	5	(20,065)	(13,614)
Other interest receivable and similar income	6	26,934	26,280
Dividends from share in group undertakings		29,000	15,000
		<hr/>	<hr/>
Profit on ordinary activities before taxation		35,016	27,610
Taxation on profit on ordinary activities	8	-	-
		<hr/>	<hr/>
Profit for the financial year and total comprehensive income for the year		35,016	27,610
		<hr/> <hr/>	<hr/> <hr/>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. There were no items of other comprehensive income in the current and prior year.

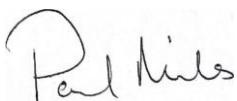
The notes on pages 14 to 21 form part of these financial statements.

ESPUG Finance Limited

Balance sheet at 31 December 2025

	Note	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Fixed assets					
Investments	9		620,421		620,309
			<u>620,421</u>		<u>620,309</u>
Current assets					
Debtors	10	347,095		321,566	
Cash at bank and in hand		19,869		18,380	
		<u>366,964</u>		<u>339,946</u>	
Creditors: amounts falling due within one year	11	(3,186)		(2,371)	
Net current assets			<u>363,778</u>		<u>337,575</u>
Total assets less current liabilities			<u>984,199</u>		<u>957,884</u>
Creditors: amounts falling due after more than one year	12		(471,670)		(440,871)
Net assets			<u>512,529</u>		<u>517,013</u>
Capital and reserves					
Called up share capital	14		141,705		141,705
Share premium account			369,999		369,999
Profit and loss account			825		5,309
			<u>512,529</u>		<u>517,013</u>
Equity shareholder funds			<u>512,529</u>		<u>517,013</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2026 and were signed on its behalf by:



Paul Miles
Director

The notes on pages 14 to 21 form part of these financial statements.

ESPUG Finance Limited

Statement of changes in equity for the year ended 31 December 2025

	Share capital 2025 £'000	Share Premium 2025 £'000	Profit and loss account 2025 £'000	Total equity 2025 £'000	Share capital 2024 £'000	Share Premium 2024 £'000	Profit and loss account 2024 £'000	Total equity 2024 £'000
1 January	141,705	369,999	5,309	517,013	141,705	369,999	10,099	521,803
Comprehensive income for the year								
Profit for the year	-	-	35,016	35,016	-	-	27,610	27,610
Total comprehensive income for the year	-	-	35,016	35,016	-	-	27,610	27,610
Contributions by and distributions to owners	-	-	-	-	-	-	-	-
Dividends paid	-	-	(39,500)	(39,500)	-	-	(32,400)	(32,400)
Total contributions by and distributions to owners	-	-	(39,500)	(39,500)	-	-	(32,400)	(32,400)
31 December	141,705	369,999	825	512,529	141,705	369,999	5,309	517,013

The notes on pages 14 to 21 form part of these financial statements.

ESPUG Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2025

1 Accounting policies

ESPUG Finance Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act. The registered office is First Floor Kings Court, 41-51 Kingston Road, Leatherhead, KT22 7SL.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

Basis of preparation

Disclosure exemptions

In preparing the financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Company as this information is included in the consolidated accounts of ESP Utilities Group Limited (company number 02612105), which can be obtained from Companies House; and
- Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.
- The requirements in Section 33 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included within E.S. Pipelines Limited (company number 03822878) as a whole.

Going concern

The financial statements have been prepared on a going concern basis.

The Directors have considered and reviewed projections and cash flow forecasts that cover the period to twenty months from the date of approval of these financial statements. In addition, stress cash flows have been prepared at Zoom Holding Limited level to assess any impact on the business from higher interest rates and current cost of living pressures. The Directors do not believe there will be any material financial or operational impact from these in the future.

Based on this, the Company will have adequate resources to continue in operational existence for the foreseeable future. On this basis the Directors believe it is appropriate to present the accounts on a going concern basis.

On 5th October 2017 the Company refinanced its external debt borrowings. The Company's facilities consist of a banking syndicate of five banks providing £434m of private loan placements, £5m working capital, £100m capital expenditure and £15m liquidity facilities. In October 2021 the working capital, capital expenditure and liquidity facilities were renewed for a further 5 years. The loan notes have maturity dates of ten, fifteen and twenty years at a fixed rate of interest. These loans have an investment grade credit rating of Baa2 from Moody's Investor Services. Details of the private placement notes can be found in note 12 on page 20.

ESPUG Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (*continued*)

Going concern (*continued*)

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statement of a parent undertaking. These financial statements therefore present information about the Company as an individual undertaking and not as a Group.

Investments

Investments are stated at cost less amounts written off where the Directors believe that there is a permanent diminution of value.

Impairment of cost of investment

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs that are initially recognised as a reduction in the proceeds of the associated capital instrument and movements in the fair value of non-basic debt instruments.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

ESPUG Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial Assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs. Financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments which comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, it is considered whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are subsequently measured at amortised cost using the effective interest method. Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Reserves

The Company's reserves are as follows:

- Called up share capital represents the nominal value of shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue cost.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments. The profit and loss account is wholly distributable.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have determined the following key source of estimation uncertainty:

- The most significant area of estimation uncertainty is the Group's use of the discounted cashflow methodology when assessing the parent company's investments where estimates regarding revenue growth and a suitable discount rate are made.

ESPUG Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2025 (*continued*)

3 Operating loss

	2025	2024
	£'000	£'000
This is arrived at after charging		
Auditor's remuneration	10	9
	<u> </u>	<u> </u>

All auditor's remuneration relates to the audit of the financial statements, Consistent with the previous year, no non-audit services were provided by the auditor.

4 Exceptional costs

Exceptional costs were in respect of professional fees incurred in obtaining an investment grade credit rating from Fitch Ratings Ltd.

5 Interest payable and similar charges

	2025	2024
	£'000	£'000
Interest on loan notes	19,692	18,562
Fair value losses/(gains) on financial instruments	373	(4,948)
	<u>20,065</u>	<u>13,614</u>

6 Other interest receivable and similar income

	2025	2024
	£'000	£'000
Bank interest received	798	1,027
Other interest received	-	476
Interest receivable from Group companies	26,023	24,645
Preference share interest received	113	132
	<u>26,934</u>	<u>26,280</u>

7 Remuneration of Directors

The Directors, the only employees of the Company, received no remuneration or fees in respect of their services to the Company for the year ended 31 December 2025 (2024 £nil). The directors who served during the year were employed by Zoom Holding Limited and other group companies and were remunerated through these companies.

ESPUG Finance Limited

Notes forming part of the financial statements
for the year ended 31 December 2025 (*continued*)

8 Taxation on profit on ordinary activities

	2025 £'000	2025 £'000	2024 £'000	2024 £'000
<i>UK corporation tax</i>				
Current tax on profits of the year		-		-
Adjustment in respect of previous periods		-		-
Total current tax		-		-
<i>Deferred tax</i>				
Deferred tax current period	-		-	
Total tax charge		-		-

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2024: lower) than the standard rate of corporation tax in the year of 25% (2024: 25%). The differences are explained below.

	2025 £'000	2024 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	35,016	27,610
Current tax at 25% (2024: 25%)	8,754	6,901
<i>Effects of:</i>		
Exempt group income	(7,278)	(3,783)
Group relief claimed for nil consideration	(1,476)	(3,118)
Total current tax charge	-	-

ESPUG Finance Limited

Notes forming part of the financial statements
for the year ended 31 December 2025 (*continued*)

9 Fixed asset investments

	2025 £'000	2024 £'000
Cost as at 1 January and 31 December	620,421	620,309

Details of the Company's fixed asset investment in subsidiaries are as follows:

Subsidiary	Country of incorporation	Nature of business	Class and percentage of shares held
ESP Electricity Limited *	England & Wales	Independent distribution network operator	Ordinary shares 100%
E.S. Pipelines Limited *	England & Wales	Gas transport	Ordinary shares 100% Preference shares 100%
ESP Water Limited*	England & Wales	Water company	Ordinary shares 100%
ESP Water Retail Limited**	England & Wales	Water company	Ordinary shares 100%

Directly owned *
Directly owned and non trading**

The registered address for all investments is 1st Floor, Kings Court, Kingston Road, Leatherhead, Surrey. KT22 7SL.

During the year dormant subsidiary undertakings ESP Pipelines Limited, ESP Connections Limited and ESP Networks Limited were struck off.

10 Debtors

	2025 £'000	2024 £'000
Amounts owed by Group undertakings	347,095	321,566
	347,095	321,566

The amount owed by Group undertakings and amount due from parent company do not bear interest and are repayable on demand.

11 Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Private placement note interest	2,457	2,362
Accruals and deferred income	729	9
	3,186	2,371

ESPUG Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2025 (continued)

12 Creditors: amounts falling due after more than one year (continued)

	2025 £'000	2024 £'000
Private placement notes issued	421,670	420,871
Capex loan	50,000	20,000
	<u>471,670</u>	<u>440,871</u>

The loan notes are secured by an All Assets charge over the assets of the Group, and are structured as follows: -

£54m at 2.69% Senior Secured Tranche A note due 6th October 2027
 £85m at 3.05% Senior Secured Tranche B note due 6th October 2032
 £60m at 6.67% Senior Secured Tranche A note due 19th October 2033
 £30m at 2.116% Senior Secured note due 13th February 2035
 £30m at 2.53% Senior Secured note due 30th June 2036
 £85m at 3.35% Senior Secured Tranche C note due 6th October 2037
 £30m at 2.736% Senior Secured note due 13th May 2041
 £60m at 6.91% Senior Secured Tranche note due 19th October 2043

£30m was drawn down against the £100m capital expenditure facility during 2024, leaving £50m available to draw on the facility. Interest is payable at SONIA +1.62%.

The maturity of sources of debt finance is as follows:

	Loans and overdrafts 2025 £'000	Loans and overdrafts 2024 £'000
In one year or less, or on demand	50,000	50,000
In more than one year but not more than five years	54,000	74,000
In more than five years	367,670	366,871
	<u>471,670</u>	<u>440,871</u>

ESPUG Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2025 (*continued*)

13 Financial instruments

The Company's financial instruments may be analysed as follows:

	2025	2024
	£'000	£'000
Financial assets		
<i>measured at amortised cost:</i>		
Cash at bank	19,869	18,380
Amounts owed by Group undertakings	347,095	321,566
	<hr/>	<hr/>
Financial liabilities		
<i>measured at amortised cost:</i>		
Loan note interest	2,087	2,362
Accruals	729	9
Loan notes	421,670	420,871
Capex loan	50,000	20,000
	<hr/>	<hr/>
<i>measured at fair value through profit or loss</i>		
<i>The fair value of the loan notes is determined using a valuation technical that incorporates observable market data. The input used include interest rates which are classified as level 2 inputs.</i>		
Loan notes	46,424	46,000
	<hr/>	<hr/>
14 Share capital		
	2025	2024
	£'000	£'000
<i>Allotted, called up and fully paid</i>		
141,705,534 Ordinary shares of £1 each	141,705	141,705
	<hr/>	<hr/>

15 Immediate and ultimate holding company and parent undertaking of larger group

The Company's immediate holding company is ESP Utilities Group Limited, a Company registered in England. The Company's ultimate holding company is Zoom Holding Limited, a Company registered in England and Wales.

The Company is ultimately controlled by 3i MIA LP, an English limited partnership, which is managed by 3i Investments plc. 3i Investments plc is wholly owned by 3i Group plc. The general partner of 3i MIA LP is 3i Managed Infrastructure GP (2017) LLP.

The largest group in which the results of the Company are consolidated is that headed by Zoom Holding Limited. The smallest group in which the results of the Company are consolidated is that headed by ESP Utilities Group Limited. The address of all Group companies is First Floor Kings Court, 41-51 Kingston Road, Leatherhead, KT22 7SL. Copies of these consolidated financial statements are available from Companies House.