# Investor Report

For the year ended 31 December 2025

The Security Group is defined as per the Master Definitions Agreement, as ESP Utilities Group Limited and each of its subsidiaries.

The Investor Report provides information on the Security Group in 2025, including regulatory and business developments, financial performance and other information in accordance with the requirements of the Common Terms Agreement dated 3 October 2017.

## 1. General Overview

During 2025 the Security Group delivered continued growth in its turnover across gas, electricity and water sectors. Turnover (including DUoS[1]) increased due the increase in connections combined with tariff increases to £169.2m (2024 £158.5m). Operating profit for the year increased by 3.5% to £60.4m (2024 £58.4m).

Growth has been generated by an increase in the number of installed connections from the build out of the Groups order book. As at 31 December 2025 the order book stood at 332,036 connections to be built out, including 156,178 water connections won.

| | Dec-21 | Dec-22 | Dec-23 | Dec-24 | Dec-25 |
|---|---|---|---|---|---|
| Turnover | £88.6m | £109.0m | £123.3m | £158.5m | £169.2m |
| Operating profit | £32.0m | £34.1m | £42.5m | £58.4m | £60.4m |
| Connections at year end | 873,163 | 948,895 | 1,004,605 | 1,056,809 | 1,108,136 |

## 2. Business update

Construction of residential new build homes continued to be slow during 2025 due to a combination of inflation and interest rate rises, resulting in new connections continuing in line with 2024 levels. However, the Group continued to win new connections throughout the year as the multi utility offering including water has proved successful, enabling the Group to engage directly with new housing developers. This has resulted in an overall increase in the orderbook as at December 2025.

Demand for Industrial and commercial connections, including EV charging sites remained strong throughout 2025.

Following on from the restructure of the Group in 2023, ESP Pipelines was finally struck off from Companies House in September 2025.

On 31 December 2025 Peter Whittaker resigned as a Director of all Security Group Companies except ESP Electricity Limited.
On 1 January 2026 Justin Barter was appointed as a Director of all Security Group Companies.

[1] DUoS = Distribution Use of System charges which are passed through to DNOs.

## 3. Capital Expenditure

Capital Expenditure for the Security Group was as follows:

| Year to 31 December | 2024 | 2025 |
|---|---|---|
| Gas | £22.2m | £16.9m |
| Electricity | £34.1m | £28.8m |
| Water | £1.5m | £2.7m |
| Total | £57.8m | £48.4m |

ESPUG Finance Limited incurred no Capital Expenditure during 2025.

## 4. Financing

During 2025 £30m was drawn down against the £100m capital expenditure facility, leaving £50m available for future capital expenditure. Interest is payable at SONIA+1.62%. No new debt was issued in 2025.

There have been no drawdowns of funds from the Liquidity Facility or Working Capital Facility.

As at 9 June 2026 the issued loan notes were:

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

A new £200m debt facility will be issued in mid June 2026 comprising a 3 year bank loan facility with hedging. The initial draw down is budgeted to be £145m of which £50m will repay the capex. Surplus operational Opex will be used to fund distributions to bring leverage back to historical norms, whilst ensuring ESP maintains its credit rating.

## 5. Acquisitions or Disposals

In March 2026 the Group entered into an agreement with Fulcrum Infrastrucuture Services Limited Services Limited to purchase its electricity iDNO licence comprising ~10,000 connections and a tranche of ~1,500 gas connection assets for a total of £4.8m.

There were no disposals in 2025.

## 6. Restricted Payment Condition

The amount of any Restricted Payment made since the date of the previous Compliance Certificate is £19.5m.

## 7. Current Hedging Position

No member of the Security Group bears unhedged currency risk.
No member of the Security Group has entered into any new Treasury Transaction with respect to fluctuations in inflation since the Closing Date.
The Security Group is in compliance with the Interest Rate Risk Principles described in schedule 7 of the Common Terms Agreement.

We confirm that the Security Group is in compliance with the Hedging Policy.

## 8. Ratios

We confirm that, in respect of this Investor Report dated 9 June 2026, by reference to the most recent Financial Statements that we are obliged to deliver to you in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 2 (Security Group Covenants) of the Common Terms Agreement:

(a) the Interest Coverage Ratio in respect of the Relevant Period is estimated to be greater than or equal to 4.16x; and

(b) the Leverage Ratio in respect of the Relevant Period is or is estimated to be less than or equal to 5.37x,

(together the **Ratios**).

We confirm that each of the above Ratios has been calculated in respect of the Relevant Period or as at the Calculation Dates for which it is required to be calculated under the Common Terms Agreement.

## 9. Confirmations

We confirm that:

(a) No Default or Trigger Event has occurred and is continuing;

(b) The Security Group is in compliance with the Hedging Policy; and

(c) The statements set out in this Investors Report are accurate in all material respects.

Yours faithfully

Paul Miles
Chief Financial Officer

Signing without personal liability, for and on behalf of
**ESPUG Finance Limited as Security Group Agent**