Company Registration Number: 10614954

Quadgas PledgeCo Limited

Annual Report and Financial Statements

For the year ended 31 March 2026

Quadgas PledgeCo Limited

Strategic Report

For the year ended 31 March 2026

The Directors present their Strategic Report for Quadgas PledgeCo Limited ("the company") for the year ended 31 March 2026.

Principal activities

The company is part of a larger group (“the Group”) comprising of its direct holding in Quadgas MidCo Limited and its indirect subsidiary holdings as set out in note 8. Cadent Gas Limited is the main trading company and operates four of the eight regional gas distribution networks in Great Britain. The ultimate parent and controlling company is Quadgas Holdings TopCo Limited and the immediate parent company is Quadgas HoldCo Limited.

The principal activity of the company is to hold investments in other Quadgas Holdings TopCo Limited (the ultimate parent company – see note 14) subsidiary companies; the only direct investment currently held is in Quadgas MidCo Limited. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The Directors are not aware, at the date of this report, of any likely major changes in the company’s activities or prospects in the next year.

Review of business

The company’s profit for the year was £329 million (2025: £397 million). The movement is due to a reduction in dividend income to £329 million (2025: £397 million).

Financial position

Total shareholders’ funds at 31 March 2026 were £4,144 million (2025: £4,144 million) comprising primarily of investments in group undertakings of £4,146 million (2025: £4,146 million). Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. Intercompany loans receivable and payable prior to impairments net to £Nil (2025: £Nil) as debt is passed through the Group.

Key performance indicators and principal risks and uncertainties

As the company is part of a larger group as set out in note 8, the management of the company does not involve the use of key performance indicators, other than the profit or loss for the year, in measuring the development, performance or the position of the company. The principal risks and uncertainties are integrated with the principal risks of Quadgas Holdings TopCo Limited.

For information on the development, performance, risks, uncertainties and position of Quadgas PledgeCo Limited and its subsidiaries and of the key performance indicators used, refer to the Strategic Report included in Quadgas Holdings TopCo Limited’s Annual Report and Accounts 2025/26, which does not form part of this report.

Future developments

By nature of its operating business the Directors believe the company will continue to act as a holding company for the foreseeable future. Despite the geopolitical risk evolving, our financial profile remains resilient. The ongoing conflict in the Middle East continues to be a focus area as we ensure appropriate management and control of risks. The company has not been significantly impacted, and the Directors believe the current level of operating activity as reported in the income statement will continue in the foreseeable future.

As a holding company, Quadgas PledgeCo Limited is not currently directly or significantly impacted by climate change, however, Cadent Gas Limited, the Group's operating company, is. For information on how climate change will impact the Group's operating company, Cadent Gas Limited, refer to the Strategic Report included in Cadent Gas Limited's Annual Report and Accounts 2025/2026.

Strategic Report (continued)

For the year ended 31 March 2026

S172 Statement

The following statement describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006.

The company is a holding and financing entity within the Group with no employees or direct operations. Its principal role is to act as a guarantor for debt within the Group and support the Group's financing arrangements.

The Board has identified the company's key stakeholders as its sole shareholder, subsidiary companies, consortium investors represented on the Board, lenders and financial stakeholders benefiting from guarantees, and indirect regulators including Ofgem via Cadent Gas Limited, the Groups main operating company. Given the nature of the company's activities, engagement with customers, employees, suppliers and communities is undertaken at Cadent Gas Limited level. The Board has had regard to these wider stakeholder interests through updates provided at Board meetings.

During the year, the Board engaged with its stakeholders through its oversight of Group strategy, financial performance, financing, governance and risk. This included:

- approval of financing and guarantee-related arrangements, including programme updates and related obligations;
- oversight of the company's role within the Group's capital structure and financing arrangements;
- review of financial reporting and governance matters;
- review and approval of shareholder distributions, including interim dividend payments; and
- oversight of governance arrangements including Board composition and appointments.

As part of the Group's financing structure, the company supports intercompany arrangements and undertakes guarantee obligations in respect of Group debt. The Board considers the company's investments in light of the Group's corporate and social responsibility strategy, as such the Board receives information on these topics from management to make better informed Board decisions.

In making decisions, the Board considered the long-term implications of its actions, the company's role within the Group structure and the need to balance the interests of its shareholder and financial stakeholders. As a result of this engagement, the Board has:

- ensured alignment with the Group's strategy and regulatory framework;
- supported the effective operation of the Group's financing and guarantee arrangements;
- upheld high standards of governance and financial reporting.
- maintained oversight of financial risk and compliance with financing obligations; and
- approving dividend payments having regard to the company's financial position and Directors' duties under section 172.

The Directors delegate authority for day-to-day management of the company and other subsidiaries in the Group to the Executive Committee and then engage management in setting, approving and overseeing execution of the business strategy, to ensure that company policies and practices support effective decision making to deliver long-term value.

For further information on the Group activities and disclosure please refer to the Cadent Gas Limited Annual Report and Accounts 2025/26. This statement is also available at: https://cadentgas.com/

The Strategic Report was approved by the Board and signed on its behalf by:

S Fennell
Director
25 June 2026

Quadgas PledgeCo Limited

Directors' Report

For the year ended 31 March 2026

The Directors present their Report and the audited financial statements of the company for the year ended 31 March 2026.

Future developments

Details of future developments have been included within the Strategic Report on page 1.

Dividends

An interim dividend of 3.22p (2025: 3.90p) per ordinary share amounting to £164,500,000 (2025: £199,319,683) was declared on the 18 August 2025 and paid on the 1 September 2025.

A second interim dividend of 3.22p (2025: 3.86p) per ordinary share amounting to £164,400,000 (2025: £197,241,179) was declared on 29 January 2026 and paid on the 30 January 2026.

No further dividends are proposed for the current financial period.

Charitable and political donations

Although charitable donations made by the company were £Nil (2025: £Nil), charitable donations made by the Group during the year totalled £3.7 million (2025: £0.5 million).

The Group made no political donations during the year (2025: £Nil).

Research and development

The company spent £Nil (2025: £Nil) on research and development during the year.

Financial risk management

The management of the company and the execution of the company's strategy are subject to a number of financial risks. The Directors have identified the need to manage the company's material financial risks, including liquidity and credit risk. These risks are managed by Cadent Gas Limited's Treasury function for the company and fellow Group subsidiaries.

The company acts as a holding company. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The company's exposures are limited to the credit risk on the intercompany loans (as disclosed below and in note 9).

The company has limited direct exposure to macroeconomic volatility, however we recognise the macroeconomic impacts on interest rates and foreign exchange rates on our underlying debt portfolio. These impacts are addressed through our financial risk management.

Liquidity risk

The company finances its operation through a combination of new share issues and intercompany balances to ensure that the company has sufficient long-term and short-term funds available for current operations and future activities. The company passes debt finance from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms.

Credit risk

The company passes debt finance from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The principal risk of these arrangements is that Quadgas MidCo Limited is unable to meet its obligations to the company. The company is exposed to the expected credit losses on its intercompany loan with Quadgas MidCo Limited. The expected credit loss has been calculated by considering the probability of default and the loss given default on the balance outstanding on the intercompany loan.

Interest rate risk

The company has interest bearing intercompany assets. To the extent that the company enters into intercompany loan agreements, the company's exposure to interest rate cash flow risk arises on such loans on which interest is charged based upon a floating index. During the financial year the company had no such loans (2025: £Nil).

Engagement with employees

The company itself has no employees and therefore does not meet the thresholds requiring it to prepare a statement setting out engagement with employees and therefore has nothing to report in respect of employee engagement activity during the year.

However, within the Group there is a subsidiary that exceeds the requirements for reporting on employee engagement (Cadent Gas Limited), with an average number of employees of 5,923 (2025: 6,361). Cadent Gas Limited has provided extensive disclosure in relation to employee engagement. For further information on these activities and disclosure, including principal decisions and the effect of engagement on them, please refer to the employee statement in the Cadent Gas Annual Report and Accounts 2025/26.

Directors

The Directors of the company during the period and up to the date of signing of the financial statements were:

D A Karnik
E Howell
H Su
M W Mathieson
E B Fidler
S Fennell
D L Wilkins
N R V Corrigall
A G Ray
G E Cooley
A Carta (Appointed 22 May 2025)
S M J Sulaiman (Appointed 31 October 2025)
W J Holland-Kaye (Appointed 1 February 2026)
X Sun (Appointed 11 March 2026)
B Fang (Appointed 11 March 2026)
A M Al-Ansari (Resigned 22 May 2025)
M W Braithwaite (Resigned 31 October 2025)
Sir A Montague CBE (Resigned 31 January 2026)
D J Xie (Resigned 11 March 2026)
M Wang (Resigned 11 March 2026)

Directors' indemnity

Quadgas HoldCo Limited has arranged, in accordance with the Companies Act 2006 section 234 and the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties. Alongside these indemnities, Quadgas HoldCo Limited places Directors' and Officers' liability insurance for each Director and these costs have been borne by Quadgas HoldCo Limited.

Going concern

The statement of financial position shows net assets of £4,144 million at 31 March 2026 (2025: £4,144 million). The income statement shows a profit for the year ended 31 March 2026 of £329 million (2025: £397 million), driven by a reduction in dividend income.

Quadgas PledgeCo Limited is a guarantor for debt at Quadgas MidCo Limited and Quadgas Finance Plc. The existing intercompany loan liability is not repayable until 2050, and the interest payable on the liability is matched to the interest receivable from Quadgas MidCo Limited on the same terms. The company continues to receive dividend income from Quadgas MidCo Limited which continues to operate as a going concern as at 31 March 2026. See the Directors report within the Quadgas MidCo Limited Annual Report and Accounts for further details.

Going concern (continued)

In determining the relevant assessment period, the Directors have considered the principal risks and specific factors impacting the company and have made the judgement that, given there are no planned events in the medium term which would significantly impact the length of the assessment period including any major refinancing or the expiry of existing facilities, the minimum period of 12 months from signing the accounts is a sufficient period for the assessment.

Despite the geopolitical risk evolving, our financial profile remains resilient. At the time of preparing these accounts, the ongoing conflict in the Middle East continues to be a focus area as we ensure appropriate management and control of risks. The company has not been significantly impacted to date. Having made enquiries and reassessed the principal risks, the Directors consider that the company has adequate resources to continue in business, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

There are no post balance sheet events.

Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors in office at the date of the approval of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are 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.

The auditors have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Internal control and risk management

As the company is part of a larger Group, the internal control and risk management procedures are integrated with the internal control and risk management procedures in Cadent Gas Limited. Cadent Gas Limited has established internal control and risk management systems in relation to the process for preparing its financial statements. The key features of these internal control and risk management systems are:

- The Risk Assurance function and management conducts various checks on internal financial controls periodically.
- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting, and where appropriate, reflects developments in the financial statements. Appropriate briefings and/or training are provided to key finance personnel on relevant developments in accounting and financial reporting.
- The financial statements are subject to review by the Financial Reporting function for unusual items, unexplained trends and completeness. Any unexplained items are investigated.
- The Board review the draft financial statements. The Board receive reports from management on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the consolidated financial statements.

Capital structure

The share capital of the company consists of 5,105,581,781 ordinary shares of £0.0001 each. There have been no changes to the capital structure in the year.

Statement of Directors' responsibilities

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 Financial Reporting Standard 101 “Reduced Disclosure Framework”, and in accordance with the requirements of the Companies Act 2006. 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; and
- prepare the financial statements on the 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.

The Directors 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.

The Directors’ Report was approved by the Board and signed on its behalf by:

S Fennell
Director
25 June 2026
Registered office:
Pilot Way
Ansty Park
Coventry
CV7 9JU
United Kingdom
Registered in England and Wales
Company registration number: 10614954

Independent auditor's report to the members of Quadgas PledgeCo Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Quadgas PledgeCo Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2026 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 101 "Reduced Disclosure Framework"; 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 statement of financial position;
- the statement of changes in equity; 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 101 "Reduced Disclosure Framework" (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.

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 their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, in-house legal counsel 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 such as tax and IT 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.

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, internal audit and in-house legal counsel 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, reviewing internal audit reports and reviewing correspondence with HMRC.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

Jane Whitlock ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
25th June 2026

Quadgas PledgeCo Limited

Statement of comprehensive income

For the year ended 31 March 2026

	Notes	**2026 £m**	2025 £m
Dividend income from Group undertakings		**329**	397
Operating Profit		**329**	397
Interest receivable and similar income	5	**72**	61
Interest payable and similar charges	5	**(72)**	(61)
Profit on ordinary activities before tax		**329**	397
Tax on profit on ordinary activities	6	**-**	-
Profit after tax for the financial year		**329**	397
Total other comprehensive income		**-**	-
Total comprehensive income for the year		**329**	397

The results reported above relate to continuing activities. There were no other gains and losses for the year other than those reported above.

The notes on pages 13 to 25 form an integral part of these financial statements.

Quadgas PledgeCo Limited

Statement of financial position

As at 31 March 2026

	Notes	**2026 £m**	2025 £m
Non-current assets			
Investments in Group undertakings	8	**4,146**	4,146
Other non-current assets	9	**900**	900
Total non-current assets		**5,046**	5,046
Total assets		**5,046**	5,046
Non-current liabilities			
Trade and other payables	10	**(902)**	(902)
Total non-current liabilities		**(902)**	(902)
Total liabilities		**(902)**	(902)
Total net assets		**4,144**	4,144
Equity			
Share capital	11	**1**	1
Retained earnings		**4,143**	4,143
Total equity		**4,144**	4,144

The notes on pages 13 to 25 form an integral part of these financial statements.

The financial statements on pages 10 to 25 were approved by the Board of Directors on 25 June 2026 and were signed on its behalf by:

S Fennell

Director
Quadgas PledgeCo Limited
Company registration number: 10614954

Quadgas PledgeCo Limited

Statement of changes in equity

For the year ended 31 March 2026

	Notes	**Share capital £m**	**Retained earnings £m**	**Total £m**
At 1 April 2025		1	4,143	4,144
Total comprehensive income for the year		-	329	329
Equity dividends paid	7	-	(329)	(329)
At 31 March 2026		**1**	**4,143**	**4,144**

	Notes	Share capital £m	Retained earnings £m	Total £m
At 1 April 2024		1	4,143	4,144
Total comprehensive income for the year		-	397	397
Equity dividends paid	7	-	(397)	(397)
At 31 March 2025		1	4,143	4,144

The notes on pages 13 to 25 form an integral part of these financial statements.

1 Summary of significant accounting policies

Quadgas PledgeCo Limited is a private limited company incorporated and domiciled in England and is registered in England and Wales, with its registered office at Pilot Way, Ansty Park, Coventry CV7 9JU, United Kingdom.

The principal activity of the company is to hold investments in other Quadgas Holdings TopCo Limited subsidiary companies; the only direct investment currently held is in Quadgas MidCo Limited. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms.

Quadgas PledgeCo Limited is exempt from the requirement to prepare consolidated accounts under the Companies Act 2006 section 400 given it is a wholly owned subsidiary of Quadgas Holdings TopCo Limited. Quadgas Holdings TopCo Limited is a company registered in Jersey, Channel Islands. Copies of Quadgas Holdings TopCo Limited's consolidated financial statements can be obtained from the Registered Office, Quadgas Holdings TopCo Limited, CSC 44 Esplanade, St Helier JE4 9WG, Jersey.

The principal accounting policies applied in the preparation of these financial statements are set out as below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared on an historical cost basis. Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in pounds sterling, which is also the company's functional currency.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and in accordance with the requirements of the Companies Act 2006. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been presented in the Group financial statements of Quadgas Holdings TopCo Limited. The Group comprises Quadgas Holdings TopCo Limited, Quadgas Investments BidCo Limited, Quadgas HoldCo Limited, Quadgas PledgeCo Limited, Quadgas MidCo Limited, Quadgas Finance Plc, Cadent Services Limited, Cadent Finance Plc, Cadent Gas Limited, Cadent Gas Pension Trustee Limited, Cadent Gas Pension Property Company 1 Limited and Cadent Gas Pension Property Company 2 Limited.

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of turnover and expenses during the reporting year. Actual results could differ from these estimates.

Going concern

Quadgas PledgeCo Limited is a guarantor for debt at Quadgas MidCo Limited and Quadgas Finance Plc, and the statement of financial position shows net assets of £4,144 million at 31 March 2026 (2025: £4,144 million). The Income Statement shows a profit for the year ended 31 March 2026 of £329 million (2025: £397 million) driven by a reduction in dividend income to £329 million (2025: £397 million). The company continues to receive dividend income from Quadgas MidCo Limited, which continues to operate as a going concern and was in a consolidated net asset position of £2,921 million (2025 £3,190 million) as at 31 March 2026. See Quadgas MidCo Limited Annual Report and Accounts for further details.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Going concern (continued)

In determining the relevant assessment period, the Directors have considered the principal risks and specific factors impacting the company and have made the judgement that, given there are no planned events in the medium term, which would significantly impact the length of the assessment period including any major refinancing or the expiry of existing facilities, the minimum period of 12 months from signing the accounts is a sufficient period for the assessment.

Despite the geopolitical risk evolving, our financial profile remains resilient. The ongoing conflict in the Middle East continues to be a focus area as we ensure appropriate management and control of risks. The company has not been significantly impacted. Having made enquiries and reassessed the principal risks, the Directors consider that the company and its subsidiary undertakings have adequate resources to continue in business.

The Directors are satisfied that the company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(b) New International Financial Reporting Standards (IFRS) and interpretations

The International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 and introduces updated requirements for the presentation of primary financial statements, including the classification of income and expenses, new subtotals and enhanced disclosure principles. The effective date of IFRS 18 is for accounting periods beginning on or after 1 January 2027, with the year ended 31 March 2028 being the first year the company will be impacted by the proposals. The adoption of IFRS 18 will not affect the company’s profit after tax; however, it will result in changes to the presentation of the primary financial statements and to certain disclosures. In particular, income and expenses will be grouped into categories in the income statement, namely the operating, investing, financing and income tax categories, although the overall impact is not expected to be significant. Preparatory work is currently underway to support adoption

There are no other new accounting standards, or amendments to existing standards, which have a significant impact on the company accounts.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Net interest costs

Interest income and interest costs are accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in interest receivable and similar income and interest cost is included in the interest payable and similar charges.

(e) Tax

The tax charge for the year is recognised in the income statement or directly in equity according to the accounting treatment of the related transaction. Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted, or substantively enacted, by the reporting date.

The calculation of the total tax charge involves a degree of estimation and judgement, and management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes positions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Summary of significant accounting policies (continued)

(f) Investments in Group undertakings

Investments in Group undertakings are held at cost less accumulated impairment losses. Impairment reviews are carried out if there is some indication that impairment may have occurred, or where otherwise required to ensure that investments are not carried above their estimated recoverable amounts. Impairments are recognised in the income statement, and, where material, are disclosed separately. Impairment reversals are recognised when there is an indication that an impairment loss for an investment either no longer exists or has decreased. See note 8.

Impairments of investments are calculated as the difference between the carrying value of the investment and its recoverable amounts. Recoverable amount is defined as the higher of fair value less costs of disposal or estimated value-in-use at the date the impairment review is undertaken. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(g) Financial instruments

Initial recognition

Financial assets have been classified in accordance with business model assessment under IFRS 9. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement

Financial instruments are classified at inception into one of the following categories which then determines the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost; or
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through profit and loss (FVTPL).

Loans receivable are carried at amortised cost using the effective interest method less any allowance for estimated impairments. Impairments are calculated using the expected credit loss approach by calculating the probability of default and the estimated recoverable amount given default. A loss allowance is established for impairments using the expected credit loss approach by calculating the probability of default and the estimated recoverable amount given default.

1 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Classification and measurement (continued)

Borrowings, which include interest-bearing loans, are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently, these are stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method.

Accretion on inflation linked borrowings is accounted for on an accrual basis to the income statement, and are added to the carrying value of the debt instrument to the extent that they are not settled in the period in which they arise.

Assets and liabilities on different transactions are only netted if the transactions are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis. Gains and losses arising from changes in fair value are included in the income statement in the year they arise unless hedge accounting applies.

Derivative financial instruments (derivatives) are recorded at fair value. Where the fair value of a derivative is positive, it is carried as a derivative asset and where negative, as a liability. Balance sheet presentation of derivatives have been determined based on the final maturity date. A derivative that matures within one year has been classified as current and a derivative that matures after one year has been classified as non-current.

The fair value of financial derivatives is calculated by discounting all future cash flows by the market yield curve at the reporting date and adjusting for own and counterparty credit and funding risk adjustment. The market yield curve for each currency is obtained from external sources for interest and foreign exchange rates.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Impairment of financial assets

Financial assets are impaired by calculating the probability of default and the estimated recoverable amount given default, which is used to calculate the expected credit loss. The company has taken default to be defined as a counterparty that has entered administration.

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- loan receivables; and
- other receivables.

The company measures the loss allowances for amounts owed by its immediate subsidiary company at an amount equal to the 12 month expected credit loss. The way this is calculated is based on the applied impairment methodology, as described below.

Stage 1: For financial assets where there has not been a significant increase in credit risk since initial recognition, and were not credit impaired on recognition, the company recognises a loss allowance based on the 12 month expected credit loss.

Stage 2: For financial assets where there has been a significant increase in credit risk since initial recognition, and were not credit impaired, the company recognises a loss allowance for lifetime expected credit loss.

Stage 3: For financial assets which are credit impaired, the company recognises the lifetime expected credit loss.

A significant increase in credit risk would be as a result of any change in circumstances specific to the counterparty or to the wider economic environment whereby the risk of default could be said to have been significantly increased within reasonable thresholds.

Evidence that the financial asset is credit impaired includes the following:

- significant financial difficulties of the counterparty; or
- a breach of contract such as default or past due event; or
- the restructuring of the loan or advance by the company that the company would not consider otherwise; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for an associated security because of financial difficulties.

(h) Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements until paid in the year in which the dividends are approved by the company's shareholders.

Notes to the financial statements (continued)

For the year ended 31 March 2026

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

- For the purpose of valuing our investment in the Group, the judgement is that the network can be used beyond 2050. The UK's target to achieve net zero by 2050 will change how fossil fuels are used, which will also impact how our network is used. The UK government is exploring different pathways including the production and use of hydrogen to achieve net zero, although there remains uncertainty about significant aspects of the UK energy sector plans under net zero. We recognise that there are a range of possible futures regarding how our network is used and the role we play to evolve our network to enable the scale-up and transportation of green gases such as biomethane and hydrogen, reducing leakages in the network (i.e. fugitive emissions), supporting electrification (through hybrids - a combination of gas boiler and heat pump - and providing resilience for the electricity network through dispatchable gas-to-power generation), and ensuring consumers benefit from a secure, affordable transition. We are making progress, growing the volume of biomethane we transport in our network, proactively reducing emission leakage using advanced analytics and new high-sensitivity emissions detectors, and preparing parts of the network for hydrogen when customers are ready and appropriate policy frameworks are in place. Given the information currently available regarding these plans and the initial feasibility studies completed regarding the use of alternative gases through our network and the large scale production of these gases, we have judged that our network will continue to be used to transport gas (methane, biomethane, hydrogen, other green gases or a combination of these) beyond 2050, and that these gases will be available in sufficient quantities, and our valuation has been completed on that basis - **note 8**.

Key sources of estimation uncertainty

Key sources of estimation uncertainty that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

- Review of carrying values of investments and calculation of impairment. Investments are reviewed annually for impairment by comparison of the cost of the investment with equity value, where equity value is equal to the value-in-use of the company invested in less any external borrowings plus any cash and cash equivalents. The impairment review requires management to calculate the value-in-use for investments. The key assumptions for the value-in-use calculation are those regarding the discount rate and inflation – **note 8**.

Sensitivity analysis on how potential changes in significant estimates and assumptions might impact on our results or financial position has been performed – **note 15**.

3 Profit on ordinary activities before tax

Profit before tax is stated after crediting the following:	**2026**	2025
	£m	£m
Dividend income from Group undertakings	**329**	397

Fees payable to the company's auditor for the audit of the company's annual financial statements were £10,845 (2025: £10,636). No other fees were payable to the auditor, and the audit fees are borne by another company in the group.

4 Directors and employees

There were no employees of the company during the current or preceding year.

Director emoluments are paid by Cadent Gas Limited. It is not practicable to split the directors services or remuneration between Group entities.

The emoluments of the Directors are not paid to them in their capacity as Directors of the company and are payable for services wholly attributable to other subsidiary undertakings. Amounts paid to the Directors for services rendered to all relevant group entities in the current year are disclosed within the Cadent Gas Limited financial statements.

5 Finance income and costs

	2026	2025
	£m	£m
Finance income		
Interest income from financial instruments	**72**	61
Interest receivable and similar income	**72**	61
Finance costs		
Interest expense on financial liabilities held at amortised cost	**(72)**	(61)
Interest payable and similar charges	**(72)**	(61)

6 Taxation

	2026	2025
	£m	£m
Taxation		
Current tax		
UK Corporation tax at 25% (2025: 25%)	**-**	-
Deferred tax		
UK deferred tax	**-**	-
Total tax charge	**-**	-

The tax charge for the year is lower (2025: lower) than the standard rate of corporation tax in the UK of 25% (2025: 25%).

6 Taxation (continued)

	2026 £m	2025 £m
Profit before tax	**329**	397
Profit before tax multiplied by UK Corporation tax rate of 25% (2025: 25%)	**82**	99
Effect of:		
Tax effect of dividend income not taxable in determining taxable profit	**(82)**	(99)
	-	-

7 Dividends

	2026 £m	2025 £m
An interim dividend of 3.22p per ordinary share amounting to £164,500,000 was declared on the 18 August 2025, and paid on the 1 September 2025	**165**	-
A final dividend of 3.22p per ordinary share amounting to £164,400,000 was declared on the 29 January 2026, and paid on the 30 January 2026	**164**	-
An interim dividend of 3.90p per ordinary share amounting to £199,319,683 was declared on the 25 September 2024, and paid on the 26 September 2024	**-**	**200**
A final dividend of 3.86p per ordinary share amounting to £197,241,179 was declared on the 23 January 2025, and paid on the 27 January 2025	**-**	**197**
	329	397

No further dividends are proposed for the current financial year.

8 Investments in Group undertakings

	2026 £m	2025 £m
Cost		
At the opening of the year	**5,106**	5,106
Total cost of Group undertakings at the end of the year	**5,106**	5,106
Impairment		
At the opening of the year	**(960)**	(960)
Total impairment of Group undertakings at the end of the year	**(960)**	(960)
Net book value at 31 March	**4,146**	4,146

8 Investments in Group undertakings (continued)

The net carrying value of the investment held in Quadgas MidCo Limited and its subsidiaries (Cadent Gas Limited, Cadent Finance Plc, Cadent Services and Quadgas Finance Plc) was compared to its recoverable amount as part of the annual impairment review carried out by management.

The impairment test required the comparison of the carrying value of the net assets of the cash generating unit (Cadent Gas Limited) and its recoverable amount.

Recoverable amount is defined as the higher of fair value less costs of disposal or estimated value-in-use at the date the impairment review is undertaken. The recoverable amount of the net assets of the cash generating unit was determined from the value-in-use calculations. The key assumptions for the value-in-use calculation are those regarding the underlying cash flows, discount rate, inflation and terminal value cashflow.

Underlying cash flows

In the short-term, the differences between actual cash flows and prior projections and budgets for Cadent Gas Limited are small due to the stable and predictable nature of the business. With 97% of our revenue formula driven, there is a high level of predictability. This predictability of the cash flows and projections can be seen in the full year performance to 31 March 2026 where the results were broadly in line with the budget. The embedded debt outperforms the baseline allowed debt return following investment by owners at the time of separation from National Grid.

The assumptions used in the Group's Financial Plan 2026 for the period to March 2027 have been applied to the calculations undertaken in completing the impairment test, as detailed below. This Plan is based on the RIIO-3 Final Determinations published by Ofgem in December 2025 which forms the basis of our total expenditure (totex) forecasts up to 2031.

The totex forecasts included in the impairment model are a base case and assume the investment in the network will continue to 2045 and beyond. However, the base case does not include cash flows associated with a significant increase in the number of biomethane connections or the potential to re-purpose the network for hydrogen or other green gases. In a scenario that resulted in the majority of the network being repurposed for use with green gases, we would expect funding through future regulatory price controls. In the base case we have applied the accelerated depreciation methodology for new assets as determined by Ofgem in the RIIO-3 regulatory framework i.e. a sum of digits profile with asset lives set such that they are fully depreciated by the Governments net-zero target of 2050, and continue to assume regulatory asset depreciation of 45 years for pre-existing assets. Investment is fully capitalised into the Regulated Asset Value (RAV).

We have determined the regulated weighted average cost of capital (WACC) and totex allowances using Ofgem's latest published Price Control Financial Model. The regulatory cost of equity for RIIO-3 is 6.12% (2025: 5.08%).

Longer term, we have continued to assume that investment reduces in scale post-2032 following completion of the Health and Safety Executive (HSE) mandated iron mains replacement programme but maintenance of the network and the service levels to customers is maintained with continued focus on safety critical investment. As noted above, we have not incorporated into the base case any investment in the network to repurpose it for use with green gases.

Discount rate

Cash flow projections have been discounted to reflect the time value of money, using a pre-tax discount rate of 9.0% (2025: 8.5%). The pre-tax discount rates applied to the cash flow forecasts are derived from our post tax-weighted average cost of capital.

The post-tax weighted average cost of capital is calculated using the capital asset pricing model ("CAPM") and the assumptions used reflect current market assessments. This is then converted to a pre-tax rate using an iterative calculative approach in the value-in-use methodology. This discount rate is applied to the Group's single CGU.

8 Investments in Group undertakings (continued)

Inflation

In the RIIO-3 period the average CPIH assumption of 3.08% (2025: 2.24%) based on latest inflation forecasts.

The longer-term CPIH assumption reflects the Office of Budget Responsibility's (OBR) long term forecast published in May 2025 and within other external long run forecasts which show a range of potential outcomes between 2.0% - 2.8%.

Terminal value cash flow

A terminal value cash flow is applied in 2045; the end of the forecast period. The terminal value is calculated based on a RAV forecast multiple at 2045. Management has derived a RAV multiple of 1.2x (2025: 1.2x) by reviewing external sources of information on similar transactions which is supportive of this assumption.

International Accounting Standard (IAS) 36 states that projections based on budgets and forecasts should cover a maximum of five years whereas management have used projections out to 2045. However, management believe, whilst there is uncertainty when moving from one price control period into the next, there is otherwise a degree of predictability to the cash flows of the assets and therefore management consider that it is appropriate to project out to 2045 before a terminal value is applied.

Climate change continues to result in uncertainty over the future use of the Cadent Gas assets for transporting natural gas to heat homes and power industry, and management have considered this uncertainty when performing the impairment test. There have been no adjustments to assumptions or cash flows as a result of this uncertainty.

Cadent continues to invest in programmes such as HyNet and East Coast Hydrogen to support its ambition to make hydrogen a safe, fair and reliable choice for consumers, and has a long-term commitment to decarbonise homes and businesses in a way that minimises the impact to the consumer and creates jobs across the UK. Given the information currently available, it is still reasonable to assume that the network will continue to be used in 2045 and beyond, in its current form, adapted to accommodate hydrogen, biomethane, or other green gases therefore we consider it appropriate to project out to 2045 before a terminal value is applied.

Climate change presents significant transitional risk, particularly from low and medium emission scenarios. Although all plausible pathways to net zero contain hydrogen and biomethane, there is a wide range of projections for demand volumes and use cases, and the time frame this will all occur over. However, the government’s Midstream gas system: Update to the Market still proposes a significant role for the gas infrastructure for decades to come, particularly hydrogen and biomethane in supporting delivery of the UK’s net zero ambition. Hydrogen is not the only solution to decarbonisation and will be used in combination with other technologies, such as renewable electricity, heat pumps, heat networks, biomethane and other green gases.

The uncertainty over which pathway the UK will follow to reach net zero creates transitional risk for all energy utilities associated with accurately planning infrastructure development. The infrastructure we need can take several years to deliver. We are mitigating this by working closely with the government, regulators, system operators, regional and local authorities and customers to understand need and build ‘whole system’ plans that minimise uncertainty and risk. In September 2024 we published ‘The Future of the Gas Network’ report which shows how the gas network can be used to support the energy transition and government’s net zero target of 2050.

Management have calculated an updated recoverable amount, and the calculation indicated that this was broadly consistent with the prior year calculation. This has resulted in no impairment either being recognised or reversed in the year.

8 Investments in Group undertakings (continued)

Terminal value cashflow (continued)

Management have reviewed a number of assumptions and performed sensitivity analysis for changes considered reasonably possible within the next 12 months. Management concluded that, other than those disclosed in note 15, none of these other sensitivities would result in an impairment of the investment value. Further details are included in note 15.

Carrying value comprised the investment in subsidiary undertakings

Name of Subsidiary	% Holding	Principle activity	Country of Incorporation
Quadgas MidCo Limited	100	Intermediate Holding company and provision of long term finance	England and Wales
Quadgas Finance Plc	100*	Provision of long term finance	England and Wales
Cadent Gas Limited	100*	Gas Distribution	England and Wales
Cadent Finance Plc	100*	Provision of long term finance	England and Wales
Cadent Services Limited	100*	Provision of services (including property management)	England and Wales
Cadent Gas Pension Trustee Limited	100*	Trustee of occupational pension scheme	England and Wales
Cadent Gas Pension Property Company 1 Limited	100*	Trustee of property assets of occupational pension scheme	England and Wales
Cadent Gas Pension Property Company 2 Limited	100*	Trustee of property assets of occupational pension scheme	England and Wales

* Indirect ownership

The registered address of these investments is Pilot Way, Ansty Park, Coventry CV7 9JU, United Kingdom.

9 Amounts owed by subsidiary undertakings

	2026 £m	2025 £m
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings:	**902**	902
Loss allowance	**(2)**	(2)
	900	900

The company acts as a holding company. Debt finance passes through the company from its immediate parent Quadgas HoldCo Limited to its immediate subsidiary Quadgas MidCo Limited on identical terms. The exposure prior to the loss allowance is therefore £Nil.

The company measures the loss allowance for amounts owed by immediate parent company at an amount equal to 12 month expected credit loss, representing a stage 1 financial asset.

Financial assets are impaired by calculating the probability of default and the estimated recoverable amount given default, which is used to calculate the expected credit loss. the company has taken default to be defined as a counterparty that has entered administration. See note 1(g) for further detail.

10 Amounts owed to Group undertakings

The following table analyses the company's total borrowings:	2026 £m	2025 £m
Amounts falling due after more than one year:		
Amounts owed to group undertakings	**902**	902
	902	902

Borrowings comprise of an unsecured loan of £902m (2025: £902m) from Quadgas HoldCo Limited, the company's immediate parent company. The loan carries a fixed rate of interest of 8.1% (2025: 6.8%) per annum with repayment on 30 April 2050 (2025: 30 April 2042) following the amendment to loan terms on 30 April 2025.

11 Share Capital

	2026 £	2025 £
Allotted, called-up and fully paid		
5,105,581,781 ordinary shares of £0.0001 each	**510,558**	510,558
	510,558	510,558

Each share carries the right to one vote on a poll. The right to vote is determined by reference to the register of members. All dividends shall be declared and paid according to the amounts paid up on the shares. The shares do not carry any rights as respects to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law. The shares are not redeemable.

12 Commitments and contingencies

There are debt issuances by the company's subsidiaries, Quadgas MidCo Limited and Quadgas Finance Plc, which the company has guaranteed and has committed to honour any liabilities should either company have any financial difficulties.

13 Post balance sheet events

There are no post balance sheet events.

14 Ultimate parent company

The ultimate parent and controlling company is Quadgas Holdings TopCo Limited and the immediate parent company is Quadgas HoldCo Limited. The largest and smallest groups which include the company and for which consolidated financial statements are prepared are headed by Quadgas Holdings TopCo Limited. Quadgas Holdings TopCo Limited is registered in Jersey.

Copies of Quadgas Holdings TopCo Limited's consolidated financial statements can be obtained from the Registered Office, Quadgas Holdings TopCo Limited, CSC 44 Esplanade, St Helier JE4 9WG, Jersey.

15 Sensitivity analysis

In order to give a clearer picture of the impact on our results or financial position of potential changes in significant estimates and assumptions, the following sensitivities are presented. These sensitivities are hypothetical, as they are based on assumptions and conditions prevailing at the period end, and should be used with caution. The effects provided are not necessarily indicative of the actual effects that would be experienced because our actual exposures are constantly changing. The sensitivities shown are changes that management deem reasonably likely within the next 12 months.

The sensitivities in the table below show the potential impact in the income statement (and consequential impact on net assets) for a range of different variables each of which have been considered in isolation (i.e., with all other variables remaining constant). There are a number of these sensitivities which are mutually exclusive and therefore if one were to happen, another would not, meaning a total showing how sensitive our results are to these external factors is not meaningful.

The sensitivities all have an approximately equal and opposite effect if the sensitivity increases or decreases by the same amount unless otherwise stated. A negative value in the table below indicates the value of impairment which would be recognised, whereas a positive value indicated an increase in headroom. An increase in the carrying value of the investment can only be recognised to the extent that it reverses a previous impairment, in line with the requirements of IAS 36.

	2026		2025	
	Income Statement £'000s	**Net Assets £'000s**	Income Statement £'000s	Net Assets £'000s
Investment in Group undertakings impairment				
CPI decrease of 0.5%	**(380)**	**(380)**	(195)	(195)
Pre-tax discount rate increase of 0.5%	**(458)**	**(458)**	(410)	(410)

A break even sensitivity on the CPI has been performed which shows that a 0.36% decrease in CPI rate removes all headroom.

A break even sensitivity on the pre-tax discount rate has been performed which shows that an increase to 9.14% removes all headroom.