Scottish & Southern Electricity Networks

TRANSMISSION

Scottish Hydro Electric Transmission plc

Directors report and financial statements

Year ended 31 March 2025

Registered no: SC213461

Contents

Directors and Other Information

Directors

Gregor Alexander
(Non-Executive Director) (Chairman)

Rob McDonald
(Executive Director)

Maz Alkirwi
(Executive Director)

Barry O`Regan
(Non-Executive Director) (Appointed 23/06/2025)

Charlotte Brunning
(Non-Executive Director)

Charles Thomazi
(Non-Executive Director)

Ronald Fleming
(Non-Executive Director)

Rachel McEwen
(Non-Executive Director) (Resigned 23/06/2025)

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(Resigned 31/10/2024)

Registered number

SC213461

Strategic Report

The Strategic Report sets out the main trends and factors underlying the development and performance of Scottish Hydro Electric Transmission plc (the "Company") during the year ended 31 March 2025, as well as those matters which are likely to affect its future development and performance.

Business Overview

Scottish Hydro Electric Transmission plc, trading as SSEN Transmission own and maintain the 132kV, 275kV and 400kV electricity transmission network in its licence area in the north of Scotland. The Company's network comprises underground cables, overhead lines, steel towers and electricity substations, and extends over a quarter of the UK land mass across some of its most challenging terrain.

The Company's first priority is to provide a safe and reliable supply of electricity to communities. The Company does this by taking electricity from generators and transporting it at high voltages over long distances through the transmission network for onwards distribution to homes and businesses in villages, towns and cities.

The Company's operating area is home to vast renewable energy resources, and this is being harnessed by wind, hydro, solar and marine generation.

Scotland's transmission network has a strategic role to play in supporting delivery of Scotland and the UK's energy security and net zero targets. The Company is already a mass exporter of renewable energy, with around two thirds of power generated in the network area exported to demand centres further south. By 2050, the north of Scotland is expected to need 40GW of low carbon energy capacity to support net zero delivery. For context, the Company currently has a total installed capacity of 12.2GW connected to its network in the north of Scotland, of which 10.9GW is from renewable and other low carbon sources. In order to meet these net zero targets, the Company is working with the National Energy System Operator (NESO) and electricity generators to connect to this additional renewable generation to the transmission system so that this clean power can be transported to areas of demand across the country.

The Company is closely regulated by the GB energy regulator, the Office of Gas and Electricity Markets (Ofgem), who determines how much revenue the Company is allowed to earn for constructing, maintaining and renovating the transmission network in the north of Scotland. These costs are shared between all those using the transmission system, including generation developers and electricity consumers.

Ofgem sets out the revenue that is allowed to be recovered for constructing, maintaining, and renovating the transmission network within a regulatory Price Control framework. The Company currently operates under the RIIO-T2 (Revenue = Incentives + Innovation + Outputs) Price Control period which runs for five years from 1 April 2021 until 31 March 2026. In broad terms, Ofgem seeks to strike the right balance between attracting investment in electricity networks, encouraging companies to operate the networks as efficiently as possible and ensuring fair prices for customers. The RIIO price controls, which are common to all electricity and gas businesses regulated by Ofgem, seek additional emphasis placed on innovation, incentives and outputs, and require regulated businesses to take on additional risk and reward mechanisms, with the possibility of outperformance resulting in additional income or underperformance resulting in penalties. The process for agreeing the RIIO-T3 framework for the period 1 April 2026 – 31 March 2031, is well underway with Company Business Plans proposals submitted in December 2024, Draft Determinations published on 1 July 2025 and Final Determinations expected by end of 2025.

Following a minority stake sale which completed in November 2022, the Company is ultimately owned 75% by SSE plc and 25% by Ontario Teachers' Pension Plan Board (OTPP).

Our Strategy, Values and Focus

Our strategy, set out in detail below, is focused on delivering a network for net zero by enabling the transition to a decarbonised energy system - delivering for consumers, stakeholders and the environment in the support of Scotland and the UK's energy security and clean power targets.

Our Strategy

Our shared long-term direction and aspiration

To deliver a network for net zero

Our Values

That guide our day-to-day decisions and actions

Safety

If it's not safe we don't do it

Service

We can be relied on to deliver

Efficiency

We focus on adding value

Sustainability

We do the right thing for people and the planet

Excellence

We innovate to improve the way we do things

Teamwork

We work together in an inclusive and collaborative way

Our Focus
How we act on our strategy

A network that is resilient and safe
We deliver world class asset management

Accelerating the pathway to net zero
To be a global leader in planning, delivery and operation of zero carbon grids

Working with our customers and stakeholders
To be at the forefront of stakeholder engagement practices and the transmission owner of choice for low carbon energy developers

Being part of one team Transmission
We attract, retain and develop a talented, diverse and inclusive team that are equipped, engaged and empowered to deliver in an innovative and positive way

A business that is fair and sustainable
We demonstrate leadership in sustainable business practices, being thoughtful of our impact on energy consumers, our shareholders and wider society

Our 2030 Goals
That guide our day-to-day decisions and actions

Reliable Energy

Zero interruptions in electricity supply to homes and business due to our network

Clean Power

Our network will have the capability to meet **20%** of the GB demand for clean power

Our Legacy

Drive investment in the energy transition that delivers **transformative lasting benefits** for local communities, our economy and nature

Our Performance

The Key Performance Indicators of the Company and the related performance during the year to 31 March 2025 were as follows:

	2024/25	2023/24
Operating Profit (£m)	435.5	565.7
Investment & Capital Expenditure (£m)	1,256.4	788.5
Regulated Asset Value (£m)	7,171	5,676
Renewable Capacity Connected with SSEN Transmission Area (GW)[1]	10.9	9.3
Energy Not Supplied incentive achieved	95%	95%
Quality of Connection Score	8.7	8.6

[1] *Transmission and distribution connected capacity within the SSEN Transmission Network area, includes pumped storage and battery storage.*

The Company's operating profit decreased by 23% to £435.5m from the prior year. Despite growing expenditure and associated underlying allowances, a true-up for benefit received in the 2023/24 financial year in relation to "full expensing" accelerated capital allowances means that net allowed revenues were lower than the prior year. In addition, operating costs and depreciation continue to increase as the business grows rapidly to deliver the investment programme agreed with the regulator.

RIIO-T2 operational delivery

The Company continues to deliver a sector-leading operational performance through the safe and reliable transmission of electricity, recognising the increasingly important contribution its network makes to national security of supply.

Despite the significant impact of several named storms, the Company achieved 95% of the annual RIIO-T2 reward through the 'Energy Not Supplied Incentive' of £0.7m in 2018/19 prices. This performance is underpinned by a robust and ongoing programme of inspection, maintenance, refurbishment and replacement of the Company's assets, keeping the lights on for communities across the north of Scotland and ensuring reliable network access for electricity generators to support security of supply in Great Britain.

Capital investment programme

The Company's RIIO-T2 capital investment programme continues, with good progress being made across major projects. That includes the Shetland High Voltage Direct Current (HVDC) Link, which was successfully energised in August 2024, on budget and ahead of schedule. Progress continues to be made connecting Shetland's electricity distribution network to the HVDC link. Energisation will follow the completion of SSEN Distribution's 'Shetland Standby Project' in 2026, connecting Shetland's homes and business to the GB electricity network for the first time.

The East Coast 400kV upgrade continues, with good progress being made on replacing the existing overhead line conductors between Kintore and Kincardine and associated substation upgrades. This includes the new Kintore 400kV substation, which upon completion is expected to be the world's first SF6-free 400kV substation. Further 400kV infrastructure is expected to enter construction as part of the Company's Accelerated Strategic Transmission Investment (ASTI) projects, from 2026 onwards.

As of 31 March 2025, the total installed capacity of the north of Scotland network was 12.2GW, of which 10.9GW is from renewable and other low carbon sources, including 0.8GW of pumped storage and batteries. The Company has already exceeded its RIIO-T2 goal of delivering an electricity network in the north of Scotland with the capacity and flexibility to accommodate 10.9GW of renewable generation, enough to power more than 10 million homes, by 2026.

Delivering a Pathway to 2030

The Company's 'Pathway to 2030' investment programme includes eleven major projects, six of which are onshore and five offshore. The Company has secured all of the regulatory approvals required to take forward each of these major investments, over and above its baseline investment case secured at the start of RIIO-T2. Initially, large onshore transmission projects were taken forward through Ofgem's Large Onshore Transmission Investment (LOTI) Uncertainty Mechanism, with the Company currently progressing three of the eleven projects through that framework.

Following the granting by Scottish Ministers of the final major overhead line consent in September 2024, the Argyll and Kintyre 275kV Reinforcement Project is progressing with groundworks well advanced at all five substation sites. Overhead line enabling works continue to make good progress, with overhead line construction set to commence in summer 2025. The project is due for energisation in 2029.

In September, construction began on the Orkney transmission link, with good progress made with groundworks and preparatory works for the onshore cable. At Dounreay West substation in Caithness works were temporarily suspended in November 2024 following the identification of suspected radium during planned radiation monitoring activities. In April 2025, agreement was reached with SEPA to secure the necessary permit to allow works to recommence safely, with energisation still on track for 2028.

In June 2025, the Company welcomed the Scottish Government's approval of its Section 37 application for the Skye Reinforcement Project, replacing the ageing overhead line between Fort Augustus and Skye. The upgrade is essential to maintain network reliability and security of supply for communities in Skye, along the route, and in the Western Isles. The current line is also at capacity and nearing the end of its operational life, limiting new renewable connections. The new infrastructure will support greater capacity, enabling more renewable generation and strengthening the network. With all consents for the project now in place, main construction is expected to start in 2026 with energisation by the end of 2029.

The Eastern Green Link (EGL) 2 project, the first of a series of 2GW subsea superhighways between Peterhead and England, is now in construction with groundworks progressing well at convertor station sites at Peterhead and Drax. This joint venture project with National Grid Electricity Transmission (NGET) remains on track for energisation in 2029.

All remaining ASTI substation and convertor station planning applications required for 2030 delivery have now been submitted to the relevant Local Planning Authority.

In April 2025, the Fort Augustus substation was approved by the Highland Council's South Planning Committee. This is the first major ASTI planning application to be determined and a major milestone for the Pathway to 2030 investment programme.

All remaining Section 37 consents are due to be submitted later this year and are expected to be determined through the Scottish Government's new Priority Applications for Transmission Infrastructure guidance which sets out a 52-week determination ambition, including instances where a Local Public Inquiry is triggered.

Work to progress EGL3 continues, with the outcome of the supply chain tender expected in summer 2025. Energisation is now expected in the early 2030s due to delays in progressing required changes of scope to NGET's onshore infrastructure in Lincolnshire.

With the supply chain for the remainder of the ASTI projects already in place and all associated consents submitted, all other ASTI projects remain on track for 2030 delivery, subject to timely and positive consent decisions.

RIIO-T3 price control

In December 2024, the Company submitted to Ofgem its Business Plan for the RIIO-T3 regulatory price control, covering the period from April 2026 to March 2031.

The plan sets out total expenditure of at least £22.3bn, in 2023/24 prices. This includes around £16bn of ASTI and LOTI investments already approved by Ofgem. The plan also sets out the potential for an additional £9.4bn of future Uncertainty Mechanism expenditure, which includes the regional and system operability investment required to deliver Clean Power 2030.

The Company acknowledges Ofgem's Draft Determination for the RIIO-T3 Price Control, which recognises the critical and unprecedented scale of transmission investment required. Whilst there has been some positive movement, further progress is required and SSE will continue to work constructively with Ofgem ahead of the Final Determination at the end of the year to deliver the investible, financeable and ambitious framework needed to meet the UK's net zero goals.

Future growth opportunities 'Beyond 2030'

In December 2024 Ofgem reaffirmed the need for several additional strategic investments in the north of Scotland that were set out in the National Energy System Operator's (NESO's) 'Beyond 2030' report, providing initial funding to take these projects through the consenting stage through the regulator's 'Delivery Track' funding route and access to Ofgem's new Advanced Procurement Mechanism. These projects include a second HVDC link to Shetland and combined represent an anticipated investment of over £5bn for delivery between 2030 and 2035.

Ofgem has also exempted these projects from competition. Further investments will also be required to deliver the local and regional investments that are critical to support the UK Government's Clean Power 2030 target. This includes potential customer connections and system operability investments, all of which were submitted to Ofgem in February 2025 as an addendum to the RIIO-T3 Business Plan.

A further high capacity HVDC subsea link from the north-east of Scotland to England, EGL5, which follows a change in scope by the NESO from its previously proposed coordinated offshore grid, presents additional future growth opportunities.

These additional growth opportunities were included within the RIIO-T3 Uncertainty Mechanism expenditure noted above.

Understanding and managing our principal risks

To help ensure the Company is able to provide the energy people need whilst delivering value over the long term the SSE Group has continued to develop its Risk Management Framework, including its Principal Risks and its Risk Appetite Statement. For further detail on how SSE Group manages risk see the published SSE Group Risk Report and the Risk Management Frameworks section in the SSE plc Annual Report (www.sse.com).

The SSE Group Risk Management Policy requires the Managing Director of each Business Unit to implement a Divisional Risk Approach to support their business in identifying, understanding and managing its key risks. Each division carries out an annual Assurance Evaluation of its compliance with key Group policies, with the output and any areas of required improvement reported to SSE Group's Chief Executive and Audit Committee.

The risks faced by the Company have been considered by the Board during the financial year. These have been reviewed in line with SSE Group's approach to risk. Risk workshops have been attended by the Transmission Executive Committee and Company's Board members during the year in order to aid identification of the risks specific to the business. As a result of this process the main risks were identified which have the potential to threaten the business model, future performance, solvency or liquidity of the Company. An overview of these risks and the mitigating actions are as follows:

- **Health and Safety Risk**
  The Company's operations are challenging and, in many cases, undertaken in hazardous environments and involve working with high voltage electricity in a wide variety of locations. Safety is our number one value and priority for the Group and Company. Due to the large and increasing volume of construction, operation and maintenance activities on site, the safety, health and environmental practices of staff and contractors could result in an increase in safety incidents and accidents. To mitigate this risk, the Company's Safety, Health & Wellbeing (SHW) Sub-Committee provides oversight by having responsibility for developing, agreeing and implementing Company-wide safety, health and environment improvement plans, with regular progress reports provided to the Transmission Executive Committee (TEC). The Company is certified to international standards ISO45001: Health and Safety Management and ISO45003: Psychological Safety at Work.

- **Changing Government Priorities Leading to Industry and Energy Policy Reform**
  The Company recognises the industry is undergoing a period of change and reform to support delivery of long-term ambitions related to Net Zero and UK energy security. This could create additional network planning risk and uncertainty - giving rise to challenges which could impact future investment planning and delivery of UK and Scottish Government targets. To mitigate this risk, the Company employs a robust stakeholder engagement strategy across Government, Local Authorities, the public, regulators and relevant counterparties, including other Transmission Owners.

- **Large Capital Project (LCP) Delivery**
  The Company has a significant investment strategy in place and continues to deliver its capital investment programme. Whilst our project delivery model ensures that the correct skills are leveraged, there is a risk of supplier failure, faulty components, and quality defects. To mitigate this risk the Company has established clear programmes and schedules of works to deliver realistic plans based on known constraints within the market and supply chain. Clear governance is in place via the Group-wide LCP Governance Framework which ensures a consistent approach to project development and delivery as well as proactive engagement with the supply chain.

- **System Complexity**
  As the Transmission network grows at pace, the Company is installing new and innovative technology across the system. Due to the nature of this technology, there is the potential for issues with power quality, network operability and energy security if it is not understood and managed. The way the technology interacts with other network assets across the GB system can result in unintended consequences such as sub-synchronous oscillations (SSO), voltage instability, cyber security issues and unplanned outages. To mitigate this risk, a range of scenario planning takes place to understand potential changes and demands on the network, including investment in system study capabilities and modelling software. Mitigation is further supported through our HVDC Centre, GB wide system modelling and increased levels of network support tools installed across the network.

- **Planning and Consents**
  The Company recognises that increased volumes of infrastructure delivery has the potential to increase challenges to planning and consenting processes in terms of capacity to process planning applications but also increased challenges from Local Authorities and other consenting bodies. If not managed, this could lead to project delays, missed delivery timescales, regulatory impacts and potentially a requirement to rationalise or change the scope of projects. To mitigate this risk, extensive stakeholder engagement is in place to work with Government, Local Authorities, developers and local communities to deliver optimal solutions and support robust planning application processes.

- **Financeability and Investability of RIIO-T3 and ASTI**
  The Company has an obligation under the current licence conditions to deliver a significant programme of future works to support network resilience and deliver the net zero pathway to 2030 including RIIO-T3 and ASTI. Due to the scale of capital investment required and pressure to manage gearing, there is a risk that there could be a funding shortfall if the financial framework agreed for RIIO-T3 does not introduce improved cashflow measures such as reduced capitalisation rates and reduced asset lives. To mitigate these risks, the Company has engaged extensively with Ofgem, Government, the Energy Network Association and other Transmission Owners throughout Draft Determination and ahead of Final Determinations later this year.

- **Alignment with Culture**
  The recruitment of a large number of new employees is required to deliver the RIIO-T3 and net zero growth plans, and requires increased focus on ensuring the workforce continues to share the Company's values and culture. Decisions could be made by employees which are not aligned with the overall strategic direction of the business leading to delays to key projects or potential health & safety concerns. To mitigate this risk, cultural analysis has been completed with supporting action plans in place to review the employee voice mechanisms and gain a view of current culture status. This is also reflected in our Sustainable People Strategy which includes a "golden thread" to improve connections and "ways of working" statements that identify our cultural ambitions and link to SSE Group Values.

- **Critical Asset Failure**
  The Company has an obligation to maintain network resilience and to mitigate the risk of network failure, outages or impact on the delivery of projects. Failure to manage the network performance where external factors can affect operability may result in loss of supply, customer dissatisfaction, and reputational damage. To mitigate this risk, a robust asset management process is in place, aligned to ISO55001, to ensure that equipment is of the correct standard and specification to provide a safe, efficient, and reliable network now and in the future.

- **Transmission Business Legitimacy (Energy Affordability and Public Consent)**
  The Company recognises that external factors can impact the public and political perception of private monopoly ownership of utilities companies. For example, broader utility sector reputation, energy costs and support for net zero agendas can all drive perceptions. This can present a potential risk to the legitimacy for the SSEN Transmission business. To mitigate this risk, the Company employs a robust stakeholder engagement strategy across Government, Local Authorities, the public, regulators and relevant counterparties, including other Transmission Owners.

- **Geopolitical Impact on Supply Chain**
  The Company has a reliance on supply chain partners to deliver its ambitious capital investment programmes on time, on budget and to a high standard of quality. External geopolitical factors could impact the capacity and availability of critical supply chain partners as well as the availability and cost of materials. To mitigate this risk Ofgem has introduced an Advanced Procurement Mechanism to support securing the supply chain in advance of certainty around project need. Supply chains have been secured across key 2030 projects and project teams are proactively engaged with supply chain partners.

- **Ability to Attract and Retain Skilled Employees**
  In order to support a strong business culture which meets the demands of the RIIO-T3 plan and net zero strategy, the Company must continue to significantly attract, develop and retain a skilled workforce. Due to significant competition in the marketplace there is a risk that the Company is unable to attract & retain skilled individuals. This may result in the inability to adequately support the current delivery programme and the long-term net zero strategy or manage the increasing complexity of the network and operational requirements. To mitigate this risk, the Company continues to adopt a People Strategy which delivers on highlighting the value in attracting an inclusive and diverse workforce.

- **Cyber Attack**
  With the increased incidence of cyber-attacks over recent years there is a risk to the Company's key systems and, as a result, the network could be compromised or rendered unavailable. To mitigate this risk, the Company has a fully developed Cyber Resilience Operational and Information Technology Plan in place approved by Ofgem. The Company continues to invest in a long-term security programme including liaising with relevant external stakeholders, maintaining business continuity plans and disaster recovery sites, and ensuring full staff awareness of operational and IT security issues and their importance through mandatory cyber and GDPR training.

- **Impact of Climate Change**
  The Company recognises the impact that climate change has on its assets and activities. Failure to adapt and react to the unpredictability of climate change may result in widespread disruption to the transmission network in the form of potential loss of supply, power outages and impact the delivery of projects which may lead to regulatory or political pressure in the Company. To mitigate this risk, work has been completed to identify and assess at-risk asset locations and, as part of the RIIO-T3 Business Plan, the Company has put forward plans to mitigate climate risk events. In delivering new infrastructure, the Company has also committed to deliver biodiversity net gain across its projects, aiming to leave operating environments in a better state than first found.

- **Constitutional Change**
  The Company recognises changes in the wider UK political landscape could impact the current regulatory landscape and potentially impact on the structure of the UK electricity network or net zero delivery plans and targets. To mitigate this risk, the Company undertakes extensive stakeholder engagement and has clear accountabilities for engagement at national government and regulator level.

Non-Financial and Sustainability Information Statement (NFSIS)

The Company is exempt from the requirement to produce a NFSIS under the Companies Act 2006, as it is included in the consolidated Group NFSIS available on page 81 of SSE Group's Annual Report. Under the amendments to sections 414C, 414CA and 414CB of the Companies Act 2006 in relation to Climate-related Financial Disclosure in the Strategic Report, the Company is exempt from making disclosures as it is a consolidated subsidiary of SSE plc. The consolidated Task Force on Climate-Related Financial Disclosures (TCFD) are available on pages 71 to 78 of SSE Group's 2024/25 Annual Report.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

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

In discharging their section 172 duties, the Directors of the Company have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decisions being made, for example, the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the Company's purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances. Details of the mechanisms which are in place to assist the Directors in understanding relevant views, including how these have been considered during the year, are set out on pages 12 to 17.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies remaining the responsibility of the Directors. The Company's statement on its corporate governance arrangements on page 21 sets out further details of how this is governed within the SSE Group and the Company.

The Company is represented by the Directors on the Transmission Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; and governance, compliance and legal matters.

This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Transmission Executive Committee. Some decisions are reserved matters for the SSE Group Board of Directors as stipulated within the governance framework for the Company.

Set out below are examples of how the directors have had regards to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

The Board approved a minimum £22bn in capital investment during the RIIO-T3 price control period. That includes the Company's strategic investment commitments already approved by Ofgem with the total investment in the period to 2031 potentially reaching around £32bn. Early engagement with supply chain partners and putting in place workforce resilience plans means the Company has confident programmes for delivery. This investment in the growth of the transmission network is critical for the Scottish and UK Government to reach their 2030 renewable energy targets and is reflective of the 'Pathway to 2030' and 'Beyond 2030' projects identified by Ofgem. These projects impact many stakeholders, from communities to society at large, and it is therefore essential the Company continues to engage widely and share stakeholder feedback with the Board.

The Board continued to review the approach to workforce planning and recruitment, focusing on critical talent and targeted programmes for diversity, pipelines and training. As a result, it provided views on the continued development and the importance of SSE's safety culture to support the pace of required network growth.

The Board considered the requirement to secure supply chain capacity to deliver the identified growth opportunities within the Company, which saw a number of businesses and contractors committing to a new ASTI Delivery Charter.

This commits all those working on ASTI projects to a series of key working principles, including leaving a legacy and positive impact in the communities where infrastructure will be hosted.

National Grid ESO's Beyond 2030 plan confirms the need for a number of additional projects to proceed now, for delivery by 2035, which combined represent a potential estimated investment of over £5bn for the Company. The Board will review the stakeholder engagement required to ensure an appropriate regulatory framework, secure planning and the required regulatory approvals.

Stakeholder Engagement

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations, and actions, and who may be affected by them. This includes communities, landowners and civil society, shareholders and debt providers, employees, government and regulators, non-governmental organisations (NGOs), suppliers, media, contractors and partners, and customers. The perspectives, insights and opinions of stakeholders are a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that they are more robust, transparent and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards more beneficial outcomes for business, environmental, social and governance matters.

There is increasing recognition of the role that business can and should be playing in addressing customer, societal, environmental, and economic issues. As a stakeholder-led business, the Company strives to meet the needs of stakeholders through proactive collaboration, advocacy and engagement as part of the pathway to Net Zero.

While its priority is to safely deliver a robust, efficient and reliable network to customers in the north of Scotland, the Company's aim is to do so in the most responsible way possible.

The Company continues to adapt and seek improved opportunities with stakeholders. The Company has achieved its highest overall score yet of 95% and another year of top-tier rating of "Advanced" in AccountAbility's Stakeholder Engagement Maturity Ladder demonstrating the continuous commitment to improvement of stakeholder engagement practice.

The Company continues to adapt and seek improved engagement opportunities with communities, customers, suppliers and other key stakeholders. In doing so, the Company also adheres to the Group's wider stakeholder engagement strategy. For more information regarding SSE Group's approach to stakeholder engagement, please see pages 53 to 57 of the 2024/25 Annual Report available at www.sse.com.

Employees

Aligned with net zero priorities, the Company "Sustainable People Strategy" focuses on the following strategic themes: A happy & healthy workforce; One inclusive & engaged team; Empowered, inspirational leaders; and Right people, right skills.

Safety and wellbeing remain central to our operations. Simply put, "if it's not safe, we don't do it." The Company's foremost objective is ensuring that everyone gets "home safe" at the end of each working day. The Company prioritises safety and health through programs such as Immersive Safety Training and Mind Power, complemented by offerings through the Health Hub.

Every two years, the Company participates in a comprehensive "Great Place to Work" colleague engagement survey, with a shorter pulse survey conducted in between. In 2024, the Company achieved a Sustainable Engagement Score of 89%, based on a response rate of 87% of colleagues. Action plans have been developed at both the business and local directorate levels, focusing on three identified continuous improvement themes: cultural engagement, ways of working, and strategic engagement.

Through the "Performance Edge" performance and development framework, all colleagues have established agile objectives aligned with the Company's strategic Net Zero priorities. Over the past year, the organisation has embedded the Strategic Workforce Planning (SWP) tool to forecast future resource and skill requirements. In September 2024, the business welcomed its 2,000th colleague, with projections indicating growth to approximately 3,000 colleagues by the end of March 2026.

Growing the Company's own talent is a top priority. The Company expanded its suite of inclusive Pipeline programs, offering various entry requirements from apprenticeships to Graduate programmes. Partnership with the "5% Club" has been recognised with a Platinum award for achieving 10% of our workforce in earn-as-you-learn roles, alongside the 5% Club UK National Employer "Earn & Learn" award for Quality. Additionally, the Company offer wider attraction through programs like the STEM Returners Programme, which draws female returners back into the industry.

Since 2021, the Company increased early career participants yearly, from 19 in 2021 to over 200 in 2025. As part of our commitment to local communities and attracting the next generation of colleagues, we continue to invest in primary and secondary schools within our operational areas. Partnering with 'Industrial Cadets,' an industry-led quality benchmark, we create outreach and education programmes.

Customers

The Company has a well-established and evolving customer engagement framework to ensure the perspectives of all customers across all connection types and project stages are considered. A significant part of the Company's engagement with the government and the regulator relates to the maintenance and development of reliable and sustainable electricity networks in line with economic and efficient principles for consumers. Material considerations include adaptation to industry change, ensuring affordability and accessibility of energy as well as providing a quality customer service. Our strategic planning is shaped by a comprehensive engagement approach that balances consumer interests with the need to adapt to industry change. This includes ensuring affordability and accessibility of energy, while delivering a consistently high standard of customer service.

Suppliers, contractors and partners

Fostering healthy reciprocal relationships helps the Company to make sure it achieves the greatest all-round value from its investments and activities. The Company continues to work closely with suppliers to ensure its values on issues such as environmental protection, safety and modern slavery are upheld throughout its supply chain. As the Company integrates climate action alongside its core business strategy and operations, the Company recognises that a key stakeholder in reaching its objectives are its suppliers.

The Company considers the principles of sustainable procurement as a vital tool in managing risks, maximising opportunities, assessing value and monitoring performance, while enabling stronger relationships with its supply partners. Since the launch of the Delivery Charter in November 2023, the Company continues to encourage collaborative work with supply chain partners to accelerate ambitions towards its sustainability goals and values. In 2024/ 25 the Company launched its updated sustainability requirements for inclusion in our contracts with our supply chain, to ensure the specific requirements for carbon, waste and social value are met.

This collaboration has been further demonstrated by the establishment of the Pathway to 2030 Supply Chain Forum which brings the Company together with its supply chain partners at a strategic level, to focus on meeting our collective Delivery Charter goals and commitments.

Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the delivering transmission network growth and the prospects or issues associated with the continued fostering of the relationship.

To ensure high operational standards, onsite training is held for contractors and quality, and health and safety audits are undertaken by the Group. Given the rise in contractor hours worked associated with the Company's increase and growth in capital investment, focus was made on contractor safety on large capital projects to improve and reduce the severity of incidents. Contractor safety remains an area of key focus as SSE Group and the Company works to ensure it gets everyone home safe as it embarks on an increased level and pace of project activity.

Government and regulators

During 2024/25 the Company continued to extensively liaise with government and regulatory officials, responding to all material regulatory consultations. The Company continues to take an active role in the development of regulations and policies which impact upon the Company and its customers.

At a time of widespread political consensus on the need to speed up deployment of large-scale clean energy infrastructure, the Group regularly engages with the UK and Scottish governments on delivering its Pathway to 2030 investment programme. In the UK, the Company has continued to engage stakeholders across the political spectrum at both Westminster and Holyrood on the steps needed to bolster energy security, create green jobs and deliver clean power.

Following the publication of the Group's manifesto, From Ambition to Action: A delivery plan for cleaner, homegrown energy, the Company has delivered successful advocacy leading to a number of policy and legislative reforms which enable an enhanced policy environment to support programme delivery.

As part of RIIO-T2, which set the price control for 5 years from April 2021, the Company engaged extensively with stakeholders following the co-creation of the business plan: A Network for Net Zero. The Directors continue to monitor engagement activity and responses to regulators to ensure that strategic, financial, investment and operating frameworks remain aligned to the external landscape. The Company is continuing to engage with stakeholders as part of the RIIO-T3 business plan.

Communities

The Company places safe delivery of an efficient and reliable network at the core of its priorities. However, it is vital to recognise the importance of effective engagement with communities as the Company's transformational infrastructure roll-out progresses. The Company is working closely with impacted communities and other local stakeholders to ensure their views are heard and factored into decision making.

The Company's Pathway to 2030 programme represents the largest investment programme in the north of Scotland grid since the 1950s and is critical to meet UK and Scottish climate targets. The Company aims to ensure this scale of investment creates a lasting legacy and leaves behind meaningful benefits for the local communities in the region.

As part of this work, the Company continues to create long-term, skilled, green employment opportunities across the region with the recruitment of over 500 new employees in 2025. It has also announced plans to contribute to the delivery of over 1,000 new homes across the north of Scotland through its housing strategy which, following completion of the projects, will support local housing requirements.

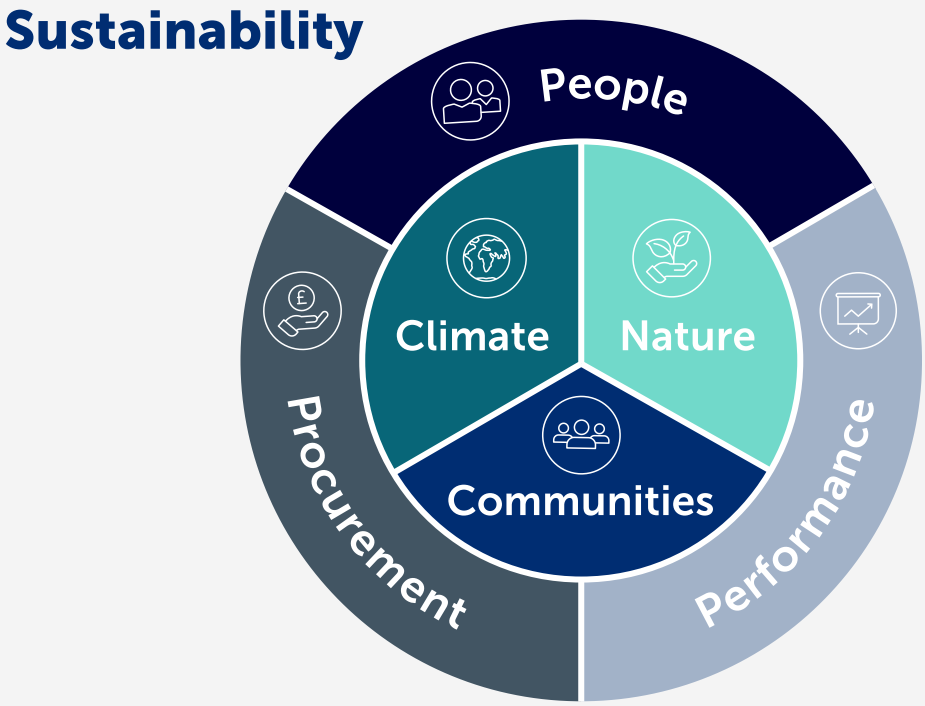
In 2024, the Company launched its first ever regional community benefit, with an initial £2m being awarded to initiatives across the north of Scotland. It is anticipated that community benefit funding associated with the Pathway to 2030 investment programme will total more than £100m over the lifetime of the projects, subject to UK Government guidance, with money off bills for those located closest to new infrastructure being considered by the Government too.

These initiatives, alongside placing multi-million-pound contracts with local supply chain partners, will create billions of economic value for Scotland.

Environment

Through SSE's role as the UK's clean energy champion, and the Company's mission to deliver a network for net zero, the Group and Company continue to play a pivotal role in supporting the UK and Scottish Governments to achieve their climate goals. The Company's ambition is for the network to have the capability to meet 20% of the GB demand for clean power by 2030. Through unprecedented investment in the network, the Company aims to deliver a positive, transformative legacy for local communities across the north of Scotland, for the economy, and for the natural world.

Launched in September 2024, the Company's Sustainability Strategy sets out how it will deliver a network for net zero in a way that is fair and sustainable. From tackling climate change to restoring nature, and from leaving a positive legacy for communities to growing the workforce, the Strategy sets out the Company's commitment and vision for doing the right thing for people and the planet. The graphic below illustrates the core pillars of this Strategy, highlighting the Company's focus on People, Procurement, Performance, Climate, Nature, and Communities.



People
- Grow skilled workforce
- Drive inclusion & wellbeing

Procurement
- Partner for excellence
- Procure responsible

Performance
- Improve data & processes
- World-leading sustainability

Climate
- Reduce emissions
- Build resilience

Nature
- Protect nature
- Restore nature

Communities
- Minimise impacts
- Share benefits

Housing Strategy

Housing is still used by communities today that was originally built for the north of Scotland Hydro Board workforce over 50 years ago.

The Pathway to 2030 aims to build on this legacy. We will take an approach to worker housing for our major projects that enables project delivery, and also supports the housing needs of the communities where we operate over the long-term.

We have pledged to support the delivery of over 1000 new homes across the north of Scotland.

Community Benefit Fund

Our Community Benefit Fund will allow the benefits of the national energy transition to go directly to those communities hosting new grid infrastructure. The fund, developed in collaboration with stakeholders and with awards made by and independent panel, is designed to bring substantial benefits and a positive lasting legacy through local and regional initiatives across the north of Scotland.

We anticipate the potential funding available to applicants under the Community Benefit Fund from the Pathway to 2030 to be in excess of £100m, subject to UK Government guidance.

Climate Change and Impact on the Planet

We were the world's first electricity company to recieve external accreditation for a science-based target for greenhouse gas emissions reduction in line with the 1.5°C global warming pathway in the Paris Agreement.

By 2030, we aspire to be one of the first companies in the world to take a 'whole system' approach to assessing our impacts using planetary boundaries framework.

Biodiversity Strategy

We are recognised as an industry leader on our biodiversity commitments as the first developer to consult upon and achieve for all new projects consented no net loss of woodlands (2021) and Biodiversity Net Gain (2023).

For the Pathway to 2030, we are extending our leadership offshore with the development and adaption of marine biodiversity metrics. On the land, our restoration efforts extend beyond habitats to include location-specific initiatives including species protection and restoration projects.

The Pathway to 2030 and clean power depends upon a safe, reliable and resilient electricity transmission system that connects homes and businesses with renewable generators. The north of Scotland, with its vast renewable energy resource, plays a critical role in the energy transition. Meeting 20% of the GB demand for clean power by 2030 means investing to grow the network, while working with stakeholders to ensure the transition is fair and sustainable. The Company recognises that the unprecedented pace and scale of network expansion will have impacts – on communities hosting infrastructure, on the natural environment, and on the climate. The Company is committed to leaving a positive legacy, for people, the environment, the economy, and our wider world.

The Company is privileged to operate in the unique natural environment of the north of Scotland and its islands, and this has motivated its ambition to protect biodiversity and restore nature. The Company's first Sustainability Strategy committed to ensuring no net loss of biodiversity and to start delivering biodiversity net gain by 2025, leaving the natural environment in a better state than it found it. The Company has exceeded those targets, bringing forward the biodiversity net gain (BNG) target by two years, and embedding BNG in all major projects.

Alongside the commitment to nature restoration, the Company has also followed a mitigation hierarchy for irreplaceable habitats like ancient woodland and peatland, avoiding impacting such habitats wherever possible, and restoring these vital habitats across Scotland. The compensatory planting program also replaces every tree it has to remove through construction and maintenance activities, and the Company has built partnerships with local conservation and environmental groups such as the Orkney Skate Trust and Argyll Conservation Trust.

The Company's approach to protecting and restoring nature will continue to grow from these strong roots. The Company's approach will align with global best practice and support global goals such as the Global Biodiversity Framework which aims for 30% conservation of land, sea and inland waters and 30% restoration of degraded ecosystems by 2030.

The Company is already playing a vital role in decarbonising the UK's energy system, connecting renewable energy to the network to power growing demand for clean electricity. At the same time, the Company recognises its responsibility to reduce its own carbon emissions as much as possible. The Company is committed to reducing emissions in line with the Paris Agreement. Work to reduce Scope 1 and 2 emissions mean that the Company has already decoupled these emissions from the growth of the network. Recognising that Scope 3 emissions are likely to increase as the network grows, the Company will work in partnership with the supply chain to realise emissions reduction opportunities wherever possible.

The Company directly contributes to SSE Group's 2030 goals to reduce the carbon intensity of emissions by 80% by 2030 and enabling low carbon generation and increasing renewable energy outputs. More information on SSE Group's approach to managing environmental impact can be found in the 2024/25 Annual Report, available at www.sse.com. The Company's Streamlined Energy and Carbon Reporting ('SECR') requirements is assessed within the consolidated disclosures of SSE Group which is available on pages 59 and 79 of SSE Group's 2024/25 Annual Report.

Internal control

SSE Group's Audit Committee oversees and reviews the effectiveness of the system of internal control annually across the Group. This covers all material controls including financial, operational and compliance, as well as the financial reporting process.

The Committee continued to monitor the new Financial Controls Centre of Excellence to ensure focused oversight and continuous improvement in controls management. This is a key initiative to prepare for the regulatory reform in the UK that will apply to the financial year ending 31 March 2027.

Managing cyber security risks and ensuring proper mitigation is an area of key focus. The Committee reviewed the outcomes of the updated 2024 cyber maturity assessment framework, noting improvements across Business Units and Central IT to ensure regulatory compliance with the Network & Information Systems Regulations by 2027.

The Committee reviewed and approved the proposed compliance audits for 2025/26. These audits are designed to ensure adherence to the key legislative and regulatory obligations and address risks within the Business Units and across SSE Group. The Committee received bi-annual compliance updates and was satisfied the areas identified were appropriately aligned to the key compliance risks of the business.

The Committee was satisfied that SSE's internal controls operated effectively throughout the year. This conclusion was informed following the results of an evaluation conducted by key stakeholders within each framework of SSE's System of Internal Control.

SSE's Chief Financial Officer assessed these evaluations and submitted a letter to the Committee which summarised the work completed during the year to improve the control environment and recommended the overall effectiveness of the system.

The Committee also considered the letter of assurance evaluations completed each year by the Managing Directors of SSE's Business Units and the Directors of Corporate functions. The process considered each framework of the System of Internal Control from a Business Unit and Corporate function perspective and include any planned improvements to controls. These improvements are tracked, with updates regularly given to the Group Risk Committee.

Based on the Committee's review and recommendation, the SSE plc Board agreed that SSE's System of Internal Control continued to be effective and was in line with the requirements of the FRC Guidance on Risk Management, Internal Control and related Financial and Business Reporting. The SSE plc Board also confirmed that no significant failings or weaknesses were identified during the financial year and that processes are in place to make sure necessary action is taken, and progress is monitored where areas for improvement are identified.

The Directors of the Company acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purpose of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives, and provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets, and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the Directors have regard to what controls, in their judgement, are appropriate to the Company's business, to the materiality of the risks inherent in the business, and to the relative costs and benefits of implementing specific controls. This process is regularly reviewed by the Board and has been in place for the whole year.

Key contractual arrangements

The Directors consider the Service Level Agreement between the Company and SSE Services plc for the provision of corporate services to be essential for the continuance of the Company's operations in the short-to-medium term. Due to the fact that it is provided by a fellow subsidiary of the SSE Group, the risk of this contract being terminated is low.

The Company enters into a number of contracts for construction and delivery of major projects. Appropriate terms have been included within these contracts to ensure that the services provided and the costs charged are clearly agreed.

However, the nature of these projects is such that there is no monopoly on provision of the required services, and the Directors believe that effective operation of a competitive process has enabled efficiency savings on capital and operational delivery in line with the Company's strategy for shareholders and stakeholders.

Operational resources available

The Company has 2,326 employees which it calls on to maintain its transmission network and carry out investment in future developments. The Company continues to draw upon certain SSE Group shared services covering central functions such as finance, HR, regulation, health and safety, company secretarial and insurance services.
All such services are provided under an appropriate Service Level Agreement.

In addition to these employees, the services of key contractors are called upon in a number of large capital projects to ensure that these projects are delivered on time and on budget.

Capital structure

The Company regards its capital as comprising its equity, cash and borrowings. Its objective in managing capital is to maintain a strong balance sheet and credit rating to maintain investor, creditor and market confidence and to sustain future development of the business.

Treasury policy, objectives and financial risk management

SSE Group's treasury policy is designed to be prudent and flexible. Following the divestment by the SSE Group of a 25% stake in the Company, the Company is no longer underwritten by SSE plc and has adopted a tailored but materially identical Treasury policy to SSE Group. In line with that, cash from operations is first used to finance regulatory and maintenance capital expenditure and then dividend payments, with capital and investment expenditure for growth generally financed by a combination of cash from operations; bank borrowings and bond issuance. Exposure to currency and interest rate risk arises in the normal course of the Company's business. Derivative financial instruments are entered into to hedge exposure to these risks.

The objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the year are explained in note 18.

The Company's financial risk is managed as part of the wider Group risk management policy. For more information regarding SSE Group's approach to financial risk management, please see the 2024/25 Annual Report available at www.sse.com.

Liquidity, borrowings and financial resources available

SSE Group's Treasury function acts on behalf of the Company and is responsible for managing the banking and liquidity requirements of the Company, risk management relating to interest rate and foreign exchange exposures and managing the credit risk relating to the banking counterparties with which it transacts.

Short term liquidity is reviewed daily by Treasury, while the longer term liquidity and funding position is reviewed on a regular basis by the Transmission Executive Committee and by the SSE plc Board. The Treasury department's operations are governed by policies determined by the Board and any breaches of these policies are reported to the SSE Tax and Treasury Committee and Group Audit Committee.

SSE Group sold a 25% non-controlling interest stake in the Company to OTPP in November 2022. The divestment meant OTPP bought into their share of the Company's external debt with the outstanding inter-company loan stocks remaining in place with SSE plc. These loan stocks will be refinanced on maturity with external debt and all new debt will be funded on an external basis using the £1.5bn committed bank facility and other debt markets including GBP, Euro bond markets and private placements. The £1.5bn (2024: £750m) revolving credit facility has an October 2029 maturity date with two one-year extension options. As at 31 March 2025, £340m was drawn leaving £1,160m remaining on the facility for future funding requirements.

The Company has access to £1.5bn of revolving credit facilities (2024: £0.8bn). On 23 October 2024 the facilities were re-financed with the £0.75bn facility increased to £1.5bn. The re-financing of the committed facilities was undertaken to ensure the Company is set up to meet its funding obligations over the next five years, with available committed facilities. The opportunity was also taken to increase the number of relationship banks from 11 to 15, which supports the growth plans and funding requirements over the next five years. The £1.5bn revolving credit facility for the Company was entered into to help cover the capital expenditure and working capital. The facility is classified as a sustainable facility with interest rate and fees paid dependant on four ESG-related KPI's being achieved.

During the year the Company issued £0.9bn of new debt, in addition to the drawings on the committed facility and had £300m of debt maturities. The £300m debt maturity related to a £300m loan stock repayable to SSE plc whilst the three issuances of new debt were as follows:

- **June 2024 –** 1.5bn NOK (£111m) 10 year private placement maturing 26 June 2034 with a coupon of 4.731% and an all-in GBP cost of 5.3315% once swapped back to Sterling; and
- **July 2024 -** £30m 15 year private placement maturing 19 July 2039 with a coupon of 5.591%.
- **August 2024 –** €850m (£715m) 8 year green Eurobond maturing 4 September 2032 with a coupon of 3.375% and an all-in GBP cost of 4.9127% once swapped back to Sterling;

Interest is paid at fixed interest rates on £3,336.6m (2024: £2,768.0m) of loans and borrowings, with the interest paid at floating rates on a £440.0m (2024: £100.0m) loan from the European Investment Bank, as well as the £340m utilisation on the revolving credit facility (2024: £nil).

As at 31 March 2025, the weighted average interest rate payable was 3.80% (2024: 3.82%) and the weighted average remaining term was 7.4 years (2024: 8.3 years).

Taxation

The headline effective rate, which includes the impact of enhanced capital allowances, is 30.2% compared with 25.5% in the previous year. The increase in rate is primarily as a result of increased capital allowances compared to the prior year, with these capital allowances creating a tax loss which has been sold to SSE Group companies in accordance with prevailing UK tax legislation and accounting standards and principles.

Dividend

The Directors did not declare a dividend in the year (2024: £nil).

Pensions

1% (2024: 1%) of employees of the Company are members of the Scottish Hydro-Electric Pension Scheme, which, at 31 March 2025, based on an IAS 19 accounting basis, had a surplus included in SSE Group's consolidated financial statements, net of deferred tax, of £265.3m (2024: £254.5m). Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

On behalf of the board:

Maz Alkirwi (Jul 31, 2025 18:10:58 GMT+1)

Maz Alkirwi
Director
31 July 2025

Corporate Governance Statement

As a subsidiary company of SSE Group, the corporate governance arrangements which apply to the Company are defined by SSE's Group Governance Framework. This is set out on pages 90 and 92 of the SSE plc Annual Report 2025, with the Company being part of the Group.

The SSE Group Governance Framework is reflective of the Principles and Provisions of the UK Corporate Governance Code (the Code) which apply to the parent company, SSE plc. It defines the delegation of authority and accountability within the Group, enables review and challenge of management performance, is a pillar of SSE's System of Internal Control, and supports the processes by which principal and emerging risks are identified and managed. The Directors of the Company discharge their duties in line with the governance standards and processes agreed at Group level.

The Company itself does not have listed shares and therefore is not subject to the Code. It has not voluntarily applied the Code nor another publicly available corporate governance code and has instead operated within the Group Governance Framework described above and below.

The Group's approach to corporate governance and compliance with the Code can be found in the Directors' Report within the SSE plc Annual Report and Accounts 2025 at www.sse.com/reportsandresults.

SSE plc Group ("the Group")

SSE Group's core purpose is to provide energy needed today, while building a better world of energy for tomorrow. Its vision is to be a leading energy company in a net-zero world and its strategy is to create value for shareholders and society in a sustainable way by developing, building, operating and investing in the electricity infrastructure and businesses needed in the transition to net zero. All of which are underpinned by SSE's core values: Safety, Service, Efficiency, Sustainability, Excellence and Teamwork; that are designed to guide decisions and actions within SSE and contribute to the overall culture.

The above matters are reserved for, and set by, the Group Board, who ensures that purpose, strategy, values and culture are aligned. Subsequent implementation is a responsibility of the SSE Group Executive Committee. Each business unit, and in turn, subsidiary Company and its Directors, is further accountable to executive management and ultimately the Group Board, for executing supporting business strategies within agreed Group parameters and promoting the desired culture. The Directors therefore set the strategic aims of the Company, supervise management, monitor and report on performance, approve investment within delegated levels and are responsible for all statutory and regulatory approvals. These responsibilities are set out in agreed Terms of Reference.

More on the Company's strategy and business objectives can be found from page 2 of the Strategic Report.

More on SSE Group's strategy can be found from pages 6 to 7 of the SSE plc Annual Report 2025 and more on culture can be found on page 98.

There are five principal SSE plc Board committees: a Nomination Committee, an Audit Committee, an Energy Markets Risk Committee, a Safety, Sustainability, Health and Environment Advisory Committee, and a Remuneration Committee. Full details of the role of each Committee, membership and work undertaken during 2024/25 is set out in the published annual report of SSE Group, which is available at www.sse.com.

As at 31 March 2025, the Group Board comprises the Chair, three Executive Directors and nine independent non-Executive Directors (including one Senior Independent Director). This gives the Group Board a good balance of independence and experience, ensuring that no one individual or group of individuals has undue influence over the Group Board's decision making.

Scottish Hydro Electric Transmission plc ("the Company")

The following comments on the arrangements for the Company.

Board of Directors

As at 31 March 2025, the Company Board comprised of two Executive Directors and seven Non-Executive Directors, one of whom is the Chair of the Company Board. None of the Directors are Directors of SSE Group Companies involved in Retail or Wholesale activities. Two of the Non-Executive Directors of the Company Board during the course of the financial year were Sufficiently Independent Non-Executive Directors as required under the terms of Standard Condition B22 of the Company's regulatory licence. The Directors believe that the Company Board is an appropriate size and has a good balance of independence and experience, ensuring that no one individual or group of individuals has undue influence over the Company Board's decision making.

The Executive Directors are experienced senior business leaders and are deemed to possess the appropriate breadth of knowledge and expertise to discharge their role effectively. The Non-Executive Directors provide an appropriate degree of independent judgement and challenge to ensure balanced and fair decision-making and outcomes. The operation and effectiveness of the Company Board is the ultimate responsibility of the Chair, who is supported in their role by the Company Secretary. Agreed procedures are in place to manage and mitigate actual or potential conflicts of interest with Company Board or Company business.

The Company Board does not have a supporting Nomination, Remuneration or Audit Committee. These functions are dealt with, where required, in conjunction with the relevant committee of the Group Board.

SSE has a Group-wide inclusion and diversity strategy including self-led gender ambitions, details of which can be found on page 55 of the SSE plc 2025 Annual Report. Any changes and appointments to the Company Board consider both SSE's approach to inclusion and diversity and the desire to have a Company Board which is balanced overall and supports the Company's needs.

Those charged with governance met nine times during the year. Individual Director attendance is set out below.

Director	Attendance
Gregor Alexander (Non-Executive Director) (Chairman)	9/9
Rob McDonald (Executive Director)	9/9
Maz Alkirwi (Executive Director)	9/9
Rachel McEwen (Non-Executive Director)	8/9
Ronald Fleming (Non-Executive Director)	8/9
Charles Thomazi (Non-Executive Director)	8/9
Charlotte Brunning (Non-Executive Director)	9/9
Laura Sandys (Independent Non-Executive Director)	9/9
Gary Steel (Independent Non-Executive Director)	9/9

Board effectiveness

On appointment all Directors receive induction to the Group and Company Board and briefings on areas pertinent to their role such as a Director's legal duties. The ongoing effectiveness of the Board is supported by performance evaluation and a commitment to personal development and training by each Director.

Regular Board evaluation is facilitated by the Company Secretary, through which the Director's reflect upon, and agree, areas for improvement based on an objective assessment of the Board's operations. Following such assessments, actions are implemented and tracked in advance of further performance evaluations in 2025/26.

Opportunity, risk, and internal control

The long-term sustainable success of the Company, including the opportunities and risks to this, are explicitly considered by the Directors and within strategic decision making. Further details can be found throughout the Strategic Report.

Remuneration

The Remuneration of the Directors is set in line with overall SSE Group policy and further information can be found in note 4.

Stakeholder relationships and engagement

Details of the Company's stakeholders and the associated engagement which takes place can be found throughout the Strategic Report.

Going concern

The Directors consider that the Company has adequate resources to continue in operational existence for the period to 31 December 2026. The financial statements are therefore prepared on a going concern basis.

In reaching their conclusion, the Directors have reviewed the financial resources in place and the financial strength of the Company against the current economic climate. While the formal assessment period was to the period ending 31 December 2026, a period of three months beyond this date was reviewed for significant events that may result in a change to the conclusion of the assessment. No events or circumstances were identified in that period beyond the formal assessment.

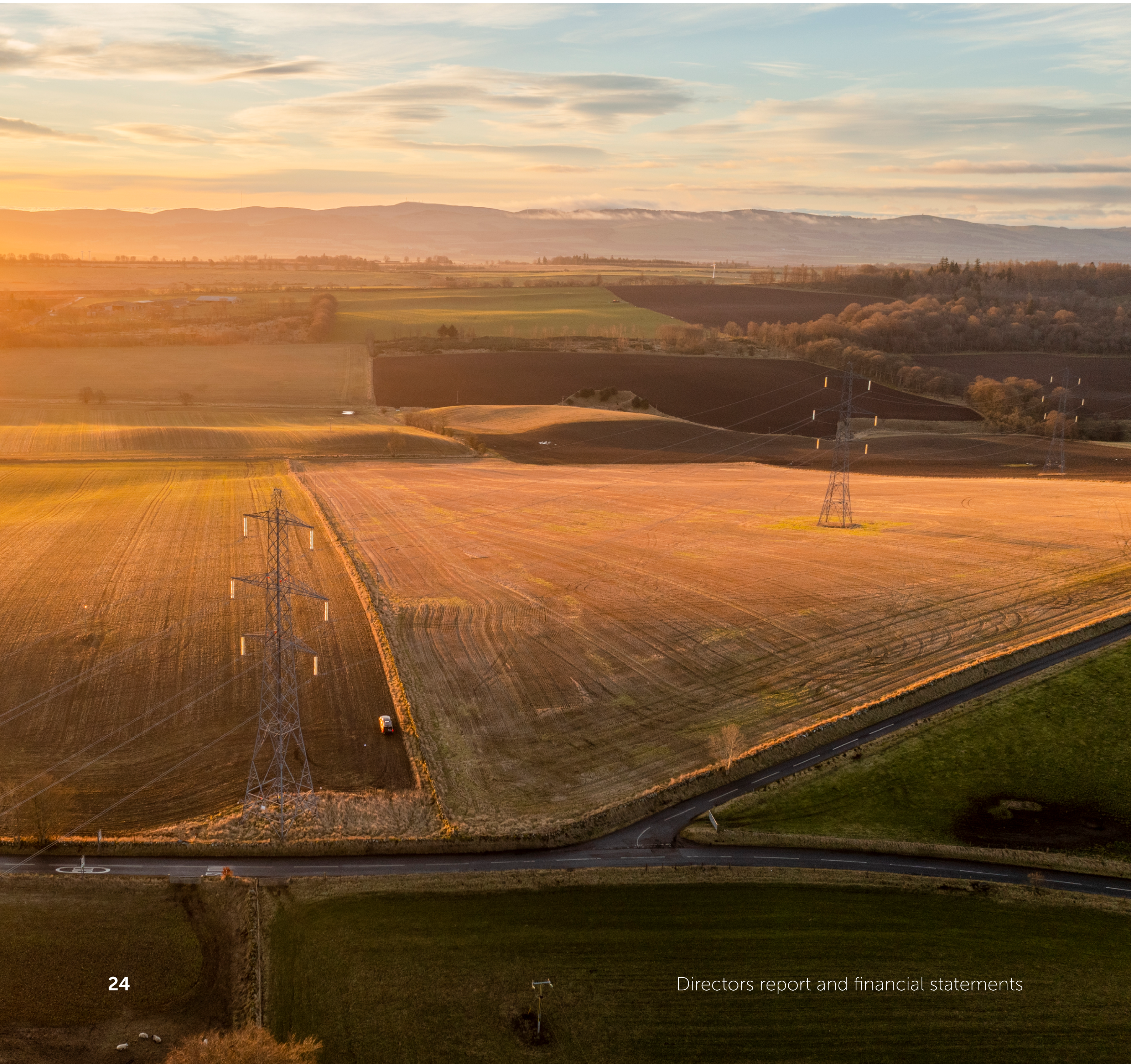
The Company had undrawn banking facilities of £1.2bn and a surplus cash balance of £7.4m as at 31 March 2025. The Company also managed to refinance the committed Revolving Credit Facility in October 2024 by increasing it from £750m to £1.5bn and adding four new relationship banks. During the year, the Company's internal approach to managing liquidity was to seek to ensure that the Company had available committed borrowings and facilities equal to at least 105% of forecast borrowings over a rolling 6 month period. The Company uses cash flow forecasts to monitor its ongoing borrowing requirements.

The Going Concern conclusion is arrived at after applying severe but plausible downside stress testing sensitivities to the Company's cash flow and funding projections. These sensitivities include no additional external funding being secured and a further contingency against operating cash flow performance, offset by mitigating actions such as reducing uncommitted capital expenditure. The Directors have taken into account the Company's credit rating and the successful issuance of £856m of new debt and the Company's strong investment grade credit rating. The Company has a strong track record of obtaining new committed facilities in the form of the €850m bond Facility and £141m Private Placement facilities. Through successful debt issuances, the Company has shown its ability to access capital markets even during the most difficult of market conditions.

The Company has considered the current market conditions; the Group's credit rating and the assumption that the Company will be able to refinance maturing debt. The Company has also considered its obligations under its debt covenants. There have been no breaches of covenant in the year and the Company's projection supports the expectation that there will be no breaches of covenant over the period to 31 December 2026, even under the severe but plausible downside stress testing.

There are three debt instruments that mature during the going concern assessment period and the Company is therefore required to make a net debt repayments of £1,090m.

Even under a scenario of a more challenging market environment, including the unlikely event of not being able to access debt funding markets or otherwise refinance as required, the Directors are satisfied that the Company has sufficient liquidity available to allow obligations to be met with mitigants and options available to the Company to maintain sufficient headroom to continue as a going concern through any severe but plausible downside scenario for the period to 31 December 2026.



Viability Statement

The Board has voluntarily carried out an assessment of the longer-term viability of the Company consistent with the assessment and governance approach undertaken at Group level by SSE plc.

In doing so, the Board has assessed the prospects of the Company over the next 4 financial years to 31 March 2029. The Directors have determined that as this time horizon aligns with the Company's capital programme and is within the strategy planning period, a greater degree of confidence over the forecasting assumptions modelled can be established.

This statement is included solely for information.

In making this statement the Directors have considered the resilience of the Company taking into account its current position, Principal Risks it faces and the control measures in place to mitigate each of them. In particular, the Directors recognise the significance of the Company's regulated revenue stream, strong balance sheet and access to available resources including the SSE Group's SSEN Transmission committed lending facilities consisting of a £1,500m RCF (£340m drawn down as of 31 March 2025) plus a $300m private placement facility with New York life.

To support this statement, over the course of the year a range of severe but plausible scenarios has been developed for each of the Principal Risks facing the Company and stress testing has been undertaken against available forecast financial headroom. Examples include interruptions to the delivery of large capital projects leading to significant overspent, an undesirable determination from Ofgem for T3 key financial parameters and failure of critical network assets.

Upon the basis of the analysis undertaken, and on the assumption that the fundamental regulatory and statutory framework in which the Company operates does not substantively change, the Directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due in the period to 31 March 2029.

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 March 2025.

Reporting requirements on the Company's principal activities and future developments, its principal risks and uncertainties and its key performance can be found in the Strategic Report.

1. Principal activities

The Company is part of SSE plc (the 'Group') and the key responsibility of the Group's Scottish and Southern Electricity Networks (SSEN) businesses, including the Company, is to maintain safe and reliable supplies of electricity and to restore supplies as quickly as possible in the event of interruptions. The Directors intend the Company to pursue its principal activity of the transmission of electricity in the north of Scotland. A full review of the year including the Company's future developments is contained within the Strategic Report section of these financial statements.

2. Results and dividends

The profit for the financial year amounted to £262.0m (2024: £395.6m). The Board did not declare or pay a dividend during the current or prior year.

3. Directors

The Directors and Secretary who served during the year are listed on page 1. In accordance with the Articles of Association of the Company the Directors are not required to retire by rotation.

4. Indemnification of Directors and insurance

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association. In addition, the Directors have been granted a qualifying third-party indemnity provision which was in force throughout the financial year and remains in force. Also, throughout the financial year, the Company purchased and maintained Directors' and Officers' liability insurance in respect of itself and for its Directors and Officers.

5. Political donations and expenditure

The Company operates on a politically neutral basis and does not make any donations to political parties, political organisations or independent election candidates. During the year, no political expenditure was incurred and no political donations were made by the Company.

6. Corporate governance

The Corporate Governance Statement for the Company is outlined on page 21.

7. Accounting policies, financial instruments and risk

Details of the Company's policies with regard to financial instruments and risk, are provided in note 18 to the financial statements.

8. Research and development

The Company is involved in a range of innovative projects and programmes which are designed to progressively transform the energy system. A number of these projects and programmes are referred to in the Strategic Report in pages 2 to 20.

9. Employment of disabled people

The Company has a range of employment policies which clearly detail the standards, processes, expectations and responsibilities of its people and the organisation. These policies were in place for the duration of the year, and are designed to ensure that everyone, including those with existing or new disabilities and people of all backgrounds, are dealt with in an inclusive and fair way from the recruitment process on through their career. This includes access to appropriate training, development opportunities and job progression.

10. Auditor

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware and each Director has taken all the steps that ought to have been taken in his or her duty as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

The Directors have appointed Ernst & Young LLP as auditors of the Company in accordance with section 485 of the Companies Act 2006.

On behalf of the board:

Annette Roxburgh

Annette Roxburgh (Jul 31, 2025 20:48:20 GMT+1)

Annette Roxburgh
Company Secretary
31 July 2025

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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 they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable UK accounting standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual report and financial statements to be fair, balanced and understandable and provides the information necessary for users to assess the Company's position and performance.

On behalf of the board:

Maz Alkirwi (Jul 31, 2025 18:10:58 GMT+1)

Maz Alkirwi
Director
31 July 2025

Independent Auditor's Report to the Members of Scottish Hydro Electric Transmission plc

Opinion

We have audited the financial statements of Scottish Hydro Electric Transmission plc for the year ended 31 March 2025 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Change in Equity, Cash flow Statement and the related notes 1 to 23, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 FRC's Ethical Standard as applied to listed public interest entities, 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We confirmed our understanding of management's going concern process;
- We obtained board approved cashflow forecasts, covenant forecast and sensitivities prepared by management for the Company to 31 December 2026 (the 'going concern period'). We tested the arithmetical accuracy of the models;
- We assessed the reasonability of the cashflow forecasts by analysing management's historical forecasting accuracy;
- We performed reverse stress testing on management's forecasts to understand how severe the downside scenarios would need to be to result in negative liquidity or a covenant breach and how plausible the scenarios were. The EY assessment included consideration of all maturing debt through to 31 December 2026;
- We reviewed management's assessment of mitigating options potentially available to the company to reduce cash flow spend in the Going Concern period, to determine their plausibility and whether such actions could be implemented by management. We have obtained support to determine whether these mitigations were within the control of management and evaluated the impact of these in light of our understanding of the business, its cost structures and the capex plans;
- We reviewed the borrowing facility agreements to assess their continued availability to the Company and to ensure completeness of covenants;
- We reviewed market data for indicators of contradictory evidence to challenge the Going Concern assessment, including review of profit warnings within the sector and review of industry analyst reports; and
- We considered whether management's disclosures in the financial statements sufficiently and appropriately reflect the going concern assessment and outcomes.

Our key observations

The Company is forecast to continue to be profitable during the going concern period. The Company has planned significant capital expenditure in the going concern period, for which additional funding is expected. The Company has a history of raising external financing to fund its capital programme, which have been disclosed in note 14 to the financial statements.

The reverse stress testing performed indicated that the Company would need to be exposed to severe downside events impacting profitability and cash flows in order to breach liquidity and covenants.

As part of their assessment, the Directors identified a severe but plausible downside scenario as described in note 1. We consider such a scenario to be highly unlikely, however, in unlikely events, including the business not performing in line with budget, management consider that the impact can be mitigated by further cash and cost saving measures, which are within their control, or through external fund raising, or a combination of both during the going concern period.

The Company's principal sources of funding (the revolving credit facility, bond issuance and private placement) extend beyond the going concern period, with the £1.5bn revolving credit facility currently maturing in October 2029 with two one-year extension option, €850m (£715m) Bond issuances currently maturing in September 2032 and the 1.5bn NOK (£111m) 10 year private placement maturing in June 2034 and £30m 15 year private placement maturing in July 2039.

Having considered the severe downside and reverse stress test scenarios, we have not identified a plausible scenario where the Company would be unable to maintain cash flow liquidity and covenant compliance during the going concern period. We found the capital commitments in the cash flow forecasts to be reflective of the spend to come, including the Company's commitments as part of the SSE plc group wide NZAP Plus programme.

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 to 31 December 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach	
Key audit matters	• Carrying value of PP&E, specifically risks around incorrect cost capitalisation. • Management override of controls, specifically around revenue recognition.
Materiality	• Overall materiality of £36.2m which represents 0.5% of Total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no significant changes to the scope of our audit from the prior year.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Scottish Hydro Electric Transmission plc. The energy sector has a critical role to play in decarbonisation, by removing carbon from electricity which in turn will support other sectors. The Company operates solely within the UK which is seeking to achieve net zero by 2050. The UK Government's Net Zero Strategy outlines plans to decarbonise the UK's power system by 2035.

The Company's long-term net zero ambitions are supported by a series of interim targets which are included in the RIIO-T2 and RIIO-T3 business plan as referenced in the Strategic Report (page 5 to 7).

During the year, the wider SSE plc group has continued to make progress against their Net Zero Acceleration Programme Plus, which include capital investment plan of £17.5bn over five years to 31 March 2027. Over 90% of the investment plan is expected to be invested in renewables and electricity networks. The growth opportunities within Scottish Hydro Electric Transmission plc accounted for a large portion of the forecast increase in spending. As part of this commitment, as of 31 March 2025, Scottish Hydro Electric Transmission plc had installed total electricity capacity for the north of Scotland of 12.2GW, of which 10.9GW is from renewable and other low carbon sources. During 2025, the Company exceeded their RIIO-T2 goal of delivering an electricity network in the north of Scotland with 10.9GW capacity of renewable generation by 2026.

The company has determined that failure to adapt and reach to the unpredictability of climate change might result in widespread disruptions to the Transmission network. This is explained on pages 10 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other Information".

Government and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirement of IAS 36.

As explained in the Basis of Preparation in note 1, management have considered the impact of climate change when preparing the financial statements. Cash flow forecasts used in the preparation of the financial statements reflect the £17.5bn NZAP+ investment programme by SSE plc and the potential impact of adverse weather conditions.

Our audit effort in considering climate change was focused on ensuring that the effects of material climate risks disclosed on page 10 have been appropriately reflected by management within areas of judgement in the financial statements, specifically fixed asset values and useful life assumptions.

We also read the Other Information in the annual report and, in doing so, considered whether the Other Information, includes the Company's climate targets, is materially consistent with the financial statements.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to Management
Carrying value of PP&E, specifically the risk around incorrect cost capitalisation (PP&E NBV 2025: £6,662m, PP&E NBV 2024: £5,549m) Refer to accounting policies (page 47); and Note 8 of the financial statements (page 54). The PP&E balance in Scottish Hydro Electric Transmission plc is quantitatively the most significant. The capitalisation of costs involves a level of judgement and therefore there is a heightened risk of material misstatement in this area. This risk is specifically related to the potential for incorrect capitalisation of costs. The risk is that costs are capitalised that are not capital in nature. Incorrect cost capitalisation could have a significant effect on the carrying value of the Company's Network assets on the balance sheet. This could result in overstated assets in the year. It is deemed there is a sufficiently high likelihood of misstatement for this to be classified as a key audit matter.	To respond to the risk, we obtained an understanding of the key controls and processes in place over the capitalisation of costs through our walkthrough procedures. The following substantive procedures were performed: *Additions Testing* We selected a sample of PP&E additions in the year and agreed the details to third party evidence to confirm: • The correct amount was capitalised • The cost was capital in nature • The cost is correct to be capitalised in line with accounting standards *Assessment of capitalisation of attributable overheads* We assessed the appropriateness of attributable overheads capitalised within fixed assets through our audit of the capitalisation of overheads: • We confirmed the completeness of the model through performing a reconciliation to the trial balance; • We confirmed the clerical accuracy of the model by performing a recalculation of the capitalised cost using the centrally obtained GL data; • We verified the valuation of overhead expenses through sample testing of administrative expenses and completion of payroll expense testing; • We performed analytical review procedures to identify significant cost centres and understand any changes in the cost allocation; and • We held meetings with a sample of cost centre managers to understand the judgements made in establishing the proportion of overheads to be capitalised and to validate any significant change in allocation from the prior year. *Board Minutes Review* We read Board Minutes to identify any unusual or challenging projects that were receiving executive level attention and may incur costs that were not capital in nature. We cross checked this to our additions work to corroborate our findings. We also read Board Minutes to identify any factors which could contribute to a significant change in the allocation of expenses between operating and capital expenditure and cross checked any findings to the model to confirm these were reflected. *Disclosure Review* We assessed the appropriateness and adequacy of the disclosures in line with relevant accounting standards. All audit work in relation to this key audit matter was undertaken by the Scottish Hydro Electric Transmission plc audit engagement team.	We conclude that the costs capitalised in the year were materially correct as a result of the procedures we performed. We are satisfied with the adequacy of disclosure included in the financial statements.

Risk	Our response to the risk	Key observations communicated to Management
Management override of controls, specifically around revenue recognition (Revenue 2025: £807m, Revenue 2024: £856m). Refer to accounting policies (page 46); and Note 2 of the financial statements (page 50). Revenue earned by Scottish Hydro Electric Transmission plc relates to billing National Grid for electricity transmission services. Revenue recognition is a particular area of focus for our audit in considering possible areas of management bias and fraud, arising from management override of controls. There is management incentive to post manual credits to revenue to improve Company profitability. Scottish Hydro Electric Transmission plc revenue is regulated. All revenue generated from the Ofgem model is recorded by the Scottish Hydro Electric Transmission finance team. There are also instances of manual adjustments to revenue figures, and the accuracy and recording of any such material adjustments may represent a fraud risk of material misstatement to revenue.	We obtained an understanding of the key controls and processes in place over revenue recognition and the recording of manual journal entries. We tested selected key IT general controls and performed data analytics procedures. We utilised data analytics techniques to correlate sales through to debtors and subsequently cash. We tested material non-correlating entries to third party evidence to ensure these had been correctly recognised. We also tested a sample of revenue transactions to bank statement to confirm cash receipt. As part of our journal entries testing, we used risk-based filters to test a sample of manual journal entries made to revenue through to supporting third party evidence, to confirm that this revenue recognition was appropriate and had an appropriate business rationale. *Disclosure Review* We assessed the appropriateness and adequacy of the disclosures in line with relevant accounting standards. All audit work in relation to this key audit matter was undertaken by the Scottish Hydro Electric Transmission plc audit engagement team.	We conclude that revenue recognised in the period is materially correct based on the procedures performed. We are satisfied with the adequacy of disclosure included in the financial statements.

In the current year, the key audit matters are consistent with the prior year with no changes.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £36.2 million (2024: £29.6 million), which is 0.5% (2024: 0.5%) of Total assets. We believe that total assets provides us with the most appropriate materiality basis when considering the focus of the entity's stakeholders. We consider which earnings, activity or capital-based measure best aligns with their expectations. The entity generates revenue and profits almost entirely through using its infrastructure assets and given the significant capital expenditure commitments planned through the current price control period and across the next decade, we have determined that total assets is the most appropriate measure and is aligned to the key focus of the entity's stakeholders. This measurement basis remain unchanged from the previous period.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £27.1m (2024: £22.2m). We have set performance materiality at this percentage due to our assessment of the control environment of the entity including the attitude and integrity of management and those charged with governance.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £1.81m (2024: £1.48m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 with the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 28, 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS101, Companies Act 2006 and UK Corporate Governance Code), relevant tax compliance regulations in the UK and the Electricity Transmission Licence.
- We understood how Scottish Hydro Electric Transmission plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We confirmed our enquiries through our review of board minutes, regulatory correspondence and papers provided to the SSE plc Audit Committee.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls at a group level. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risk, management override of controls, specifically around revenue recognition.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of legal counsel and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements.
- We understood the relationship between Scottish Hydro Electric Transmission plc and its regulator, the Office of Gas and Electricity Markets (OFGEM), to understand their scope of authorisation and controls the entity has in place to meet their requirements. We requested copies of any correspondence with the regulator that is relevant to our audit and discussed ongoing regulatory matters with the directors.

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

Other matters we are required to address

- Following the recommendation from the SSE plc audit committee we were appointed by the company on 18 July 2019 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 6 years, covering the years ending 31 March 2020 to 31 March 2025.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.

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.

DocuSigned by:

Ernst & Young LLP.

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Nicola McIntyre (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

31 July 2025

Profit and Loss Account

for the year ended 31 March 2025

	Note	2025 £m	2024 £m
Revenue	2	807.0	885.9
Cost of sales		-	(5.4)
Gross Profit		807.0	880.5
Distribution costs		(341.1)	(287.7)
Administrative costs		(30.4)	(27.1)
Operating profit	3	435.5	565.7
Interest receivable and similar income	5	14.5	12.6
Interest payable and similar charges	6	(74.6)	(47.6)
Profit before taxation		375.4	530.7
Tax on profit	7	(113.4)	(135.1)
Profit for the financial year		262.0	395.6

Continuing operations

The above results are derived from continuing activities.

The accompanying notes are an integral part of these financial statements.

Statement of Other Comprehensive Income

for the year ended 31 March 2025

	2025 £m	2024 £m
Profit for the financial year	262.0	395.6
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss:		
Net gains/(losses) on cash flow hedges	27.5	(8.8)
Transferred to assets and liabilities on cash flow hedges	0.7	-
Taxation on cash flow hedges	(6.4)	4.3
Other comprehensive gain/(loss)	21.8	(4.5)
Total comprehensive income relating to the financial year	283.8	391.1

Balance Sheet

as at 31 March 2025

	Note	2025 £m	2024 £m
Non-current assets			
Property, plant and equipment	8	6,662.0	5,549.3
Intangible assets	9	39.1	27.1
Derivative Financial Assets	18	18.1	7.5
		6,719.2	5,583.9
Current assets			
Debtors: Amounts falling due within one year	10	499.0	214.5
Cash and cash equivalents	11	7.4	128.9
Derivative financial assets	18	11.4	2.7
Total current assets		517.8	346.1
Current liabilities			
Creditors: amounts falling due within one year	12	(750.4)	(659.7)
Provisions	22	(1.8)	-
Derivative financial liabilities	18	(1.9)	(6.8)
Total current liabilities		(754.1)	(666.5)
Net current liabilities		(236.3)	(320.4)
Total assets less current liabilities		6,482.9	5,263.5
Creditors: amounts falling due after more than one year	13	(3,488.5)	(2,733.0)
Derivative financial liabilities	18	(14.8)	(11.2)
Deferred taxation	15	(659.3)	(485.0)
Net assets		2,320.3	2,034.3
Capital and reserves			
Called up share capital	16	354.3	354.3
Profit and loss account		1,949.2	1,685.0
Hedge reserve		16.8	(5.0)
Equity Shareholders' funds		2,320.3	2,034.3

These financial statements were approved by the Board of Directors on 31 July 2025 and signed on their behalf by:

Maz Alkirwi (Jul 31, 2025 18:10:58 GMT+1)

Maz Alkirwi
Director
Company registered number: SC213461

Statement of Changes in Equity

for the year ended 31 March 2025

	Share capital £m	Retained earnings £m	Hedge reserve £m	Total Equity £m
Balance at 1 April 2023	**354.3**	**1,287.4**	**(0.5)**	**1,641.2**
Profit for the year	-	395.6	-	395.6
Other comprehensive income	-	-	(4.5)	(4.5)
Total comprehensive income for the year	**-**	**395.6**	**(4.5)**	**391.1**
Credit in respect of employee share schemes	-	2.0	-	2.0
Balance at 31 March 2024	**354.3**	**1,685.0**	**(5.0)**	**2,034.3**
Balance at 1 April 2024	**354.3**	**1,685.0**	**(5.0)**	**2,034.3**
Profit for the year	-	262.0	-	262.0
Other comprehensive income	-	-	21.8	21.8
Total comprehensive income for the year	**-**	**262.0**	**21.8**	**283.8**
Credit in respect of employee share schemes	-	2.2	-	2.2
Balance at 31 March 2025	**354.3**	**1,949.2**	**16.8**	**2,320.3**

Cash Flow Statement

for the year ended 31 March 2025

	Note	2025 £m	2024 (restated) £m
Operating profit		435.5	565.7
Depreciation on property, plant and equipment	8	143.7	124.7
Amortisation of intangible assets	9	8.3	6.3
Charge in respect of employee share awards	4	2.2	2.0
Release of deferred income		(3.2)	(2.9)
Provision expense	22	2.3	-
Cash generated from operations before working capital movements		588.8	695.8
(Increase)/decrease in debtors		(23.7)	0.7
(Decrease)/increase in creditors		(64.5)	113.5
Movement in Intercompany		-	(9.8)
Utilisation of provision		(0.5)	-
Cash generated from operations		500.1	800.2
Interest paid		(118.3)	(69.8)
Taxes Paid		(13.9)	(35.5)
Net cash from operating activities		367.9	694.9
Purchase of property, plant and equipment		(1,379.1)	(907.2)
Purchase of intangible assets		(20.3)	(12.8)
Deferred income		16.3	-
Net cash from investing activities		(1,383.1)	(920.0)
New borrowings	20	1,194.8	492.5
Repayment of borrowings	20	(301.1)	(150.7)
Settlement of cashflow hedges		-	4.3
Net cash from financing activities		893.7	346.1
Net (decrease)/increase in cash and cash equivalents		(121.5)	121.0
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year		(121.5)	121.0
Net cash at start of the year		128.9	7.9
Net cash at end of the year		7.4	128.9

Notes on the Financial Statements

for the year ended 31 March 2025

1. Significant accounting policies

The Company is a public company incorporated, domiciled, and registered, in Scotland. Its registration number is SC213461, and registered office is Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ, United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 (Reduced Disclosures) ("FRS 101") as issued by the Financial Reporting Council.

In preparing the financial statements, the Company has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report. These considerations included the capital expenditure planned in order to deliver the Group's £17.5bn 'Net Zero Acceleration Programme Plus' by 2027 and the potential impact adverse weather could have on our network infrastructure, particularly when forecasting cashflows, in assessing going concern, assessing useful economic lives and identifying indicators of impairment.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The effect of new, but not yet effective, IFRSs;
- Related party disclosures; and
- Comparative period reconciliations for property, plant and equipment, intangible assets and share capital.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage of the exemptions, under FRS 101, available in respect of the following disclosures:

- Certain disclosures, required by IAS 36 "Impairment of Assets", in respect of the impairment of goodwill and intangible assets;
- Certain disclosures, required by IFRS 13 "Fair Value Measurement", IFRS 7 "Financial Instruments disclosures" and IFRS 15 "Revenue from Contracts from Customers"; and
- Certain disclosures, required by IFRS 16 "Leases".

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company has not included employee share based payments disclosures on the basis of materiality.

There are no new standards, interpretations and amendments effective for the first time from 1 April 2024 which have had a material effect on the financial statements.

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the period to 31 December 2026. The financial statements are therefore prepared on a Going Concern basis.

In reaching their conclusion, the Directors have reviewed the financial resources in place and the financial strength of the Company against the current economic climate. While the formal assessment period was to the period ending 31 December 2026, a period of three months beyond this date was reviewed for significant events that may result in a change to the conclusion of the assessment. No events or circumstances were identified in that period beyond the formal assessment.

The Company had undrawn banking facilities of £1.2bn and a surplus cash balance of £7.4m as at 31 March 2025. The Company also managed to refinance the committed Revolving Credit Facility in October 2024 by increasing it to £1.5bn and adding four new relationship banks. During the year, the Company's internal approach to managing liquidity was to seek to ensure that the Company had available committed borrowings and facilities equal to at least 105% of forecast borrowings over a rolling 6 month period. The Company uses cash flow forecasts to monitor its ongoing borrowing requirements.

The Going Concern conclusion is arrived at after applying severe but plausible downside stress testing sensitivities to the Company's cash flow and funding projections. These sensitivities include no additional external funding being secured and a further contingency against operating cash flow performance, offset by mitigating actions such as reducing uncommitted capital expenditure. The Directors have taken into account the Company's credit rating and the successful issuance of £1.2bn of new debt and the Company's strong investment grade credit rating.

The Company has a strong track record of obtaining new committed facilities in the form of the €850m bond Facility and £141m Private Placement facility. Through successful debt issuances, the Company has shown its ability to access capital markets even during the most difficult of market conditions.

The Company has considered the current market conditions; the Group's credit rating and the assumption that the Company will be able to refinance maturing debt. The Company has also considered its obligations under its debt covenants. There have been no breaches of covenant in the year and the Company's projection supports the expectation that there will be no breaches of covenant over the period to 31 December 2026, even under the severe but plausible downside stress testing.

There are three debt instruments that mature during the Going Concern assessment period and the Company is therefore required to make a net debt repayments of £1,090m.

Even under a scenario of a more challenging market environment, including the unlikely event of not being able to access debt funding markets or otherwise refinance as required, the Directors are satisfied that the Company has sufficient liquidity available to allow obligations to be met with mitigants and options available to the Company to maintain sufficient headroom to continue as a Going Concern through any severe but plausible downside scenario for the period to 31 December 2026.

Further details of the Company's liquidity position and Going Concern review are provided on page 23.

Revenue

Use of electricity transmission networks

Revenue from use of electricity networks is derived from the allowed revenue as defined by the parameters in the relevant electricity transmission licence, which informs the tariffs set.

Electricity transmission revenue is determined in accordance with its regulatory licence, based on an Ofgem approved revenue model and is recognised "over time" as charged to National Grid. Where this revenue differs from the allowed revenue, there may be an over- or under-recovery of revenue which will be reflected in future financial years' allowed revenue as set out in the regulatory licence. No accounting adjustments are made for over- or under-recoveries in the year that they arise as they are contingent on future events (being the transmission of electricity in a future period). The over or under recovery adjustment is recognised in the subsequent period when included within the tariffs that form allowed revenue under the regulatory agreement.

Transmission network contracted services

Where the Company has an ongoing obligation to provide contracted services (transmission network connections), revenues are recognised "over time" consistent with the customer receiving and consuming benefits of that service across the expected contractual service period. Any assets constructed in order to deliver the service are capitalised and depreciated over their useful life. Payments received from customers in advance of providing the contracted service are deferred on balance sheet. No extended warranty periods are offered.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income. Exchange rate risks are manged through the Company's treasury hedging policy.

Research

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

	Years
Network assets:	
Underground and subsea cables, overhead lines	25 to 80
Other network assets	4 to 40

Assets held under leasing arrangements are recognised as right-of-use assets and are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

An item of PPE is derecognised on disposal. Where no future economic benefits are expected to arise from the continued use of an item of PPE, the asset is fully written off.

Expenditure incurred to replace a component of PPE that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the PPE to which it relates.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Included within intangible assets are software development work, software upgrades and purchased PC software packages. Amortisation is charged on a straight line basis over 3 to 10 years and is included within distribution costs in the profit and loss account.

Capitalised interest

Interest directly attributable to the acquisition, construction or production of major capital projects, which are projects that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use, and depreciated as part of the total cost over the useful life of the asset.

Investment

Fixed asset investments are stated at cost less any provisions for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Customer contributions

Customer contributions and capital grants are recorded as deferred income and released to the profit and loss account over the estimated useful life of the related fixed asset, where there is an ongoing service obligation.

Leases

At lease commencement date, the Company recognises a right-of-use-asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate.

Impairment review

The carrying amounts of the Company's PPE and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there are indications that a previously recognised impairment loss has reduced. For PPE and other intangible assets that have previously been identified as exhibiting indications of impairment, the review of impairment will be performed annually until there is sufficient evidence to confirm that any potential impairment loss has been appropriately recognised, or until previously recognised impairment losses have been fully written back.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell (FVLCS) and the value-in-use (VIU) of the asset.

If the carrying amount of the asset exceeds its recoverable amount, an impairment charge will be recognised immediately in the profit and loss account. Reversals of previous impairment charges are recognised if the recoverable amount of the asset significantly exceeds the carrying amount.

Pensions

Some of the Company's employees are members of a Group wide defined benefit pension plan. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is another member of the Group. The Company then recognises a cost equal to its contribution payable for the period. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Equity and equity-related compensation benefits

SSE plc, the ultimate parent of the Company, operates a number of All Employee Share Schemes as described in the Remuneration Policy Report of the Group. These schemes enable Group employees to acquire shares of the ultimate parent company. The employees of the Company are entitled, where applicable, to participate in these schemes. The Company has not been charged the cash cost of acquiring shares on behalf of its employees, as this cost is borne by the ultimate parent company. Where the fair value of the options granted has been measured, the Company has recognised the expense as if the share based payments related to the Company's own shares.

The exercise prices of the sharesave scheme are set at a discount to market price at the date of the grant. The fair value of the sharesave scheme option granted is measured at the grant date by use of an option pricing model. The fair value of the options granted is recognised as an expense on a straight-line basis over the period that the scheme vests. Estimates are updated at each balance sheet date with any adjustment in respect of the current and prior years being recognised in the profit and loss account.

The costs associated with the other main employee schemes, the Share Incentive Plan and the Deferred Bonus Scheme, are recognised over the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term money market deposits. The Company receives monies in the form of grants and contributions from Ofgem for innovation projects. The use of this is restricted by the specific terms and conditions of each project. The cash and cash equivalents balance has not been remitted to SSE plc as part of the Group's central treasury operations.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

A derivative classified as a 'cash flow' hedge recognises the portion of gains or losses on the derivative which are deemed to be effective directly in equity in the hedge reserve.

Any ineffective portion of the gains or losses is recognised in the profit and loss account. The gains or losses that are recognised directly in equity are transferred to the profit and loss account in the same year in which the forecast transaction occurs.

Joint operation

Joint arrangements, as defined by IFRS 11 "Joint Arrangements", are those arrangements that convey to two or more parties 'joint control'. Joint control exists when decisions about the 'relevant activities', being the financial, operational or strategic policies of the arrangement, are made with the unanimous consent of the parties sharing control. The Company's interest in its joint operation is accounted for by recognising its share of the assets, liabilities, revenue and expenses of the operation. EGL2 Limited is a joint operation between the Company and National Grid Electricity Transmission plc to install a 2GW subsea high-voltage connection.

Interest-bearing loans and borrowings

All such loans and borrowings are initially recognised at fair value including transaction costs and are subsequently measured at amortised cost, except where the loan or borrowing is the hedged item in an effective fair value hedge relationship.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Change in Cash Flow Statement presentation

The presentation of the cashflow statement for the current year has been amended to present intercompany movements within the debtors and creditors lines of working capital. There are no changes to the net working capital position as a result of the amendment. The 2023/24 presentation has not been restated.

Prior year restatements - Cash Flow Statement

Capital prepayments related to property, plant and equipment of £203m were previously included within operating activities as part of changes in working capital in the cashflow statement for the year ended 31 March 2024 which have been restated. In accordance with IAS 7, these amounts have been reclassified to investing activities in the comparative Cash Flow Statement.

The reclassification impact on the presentation on the 2023/24 Cash Flow Statement is as follows:

Impact on Cash Flow Statement	2024 as previously reported £m	Adjustment £m	2024 (restated) £m
Cash flow from operating activities			
(Increase)/decrease in debtors	(202.3)	203.0	0.7
Net cash generated from operating activities	597.2	203.0	800.2
Cash flow from investing activities			
Purchase of property, plant and equipment	(704.2)	(203.0)	(907.2)
Net cash from investing activities	(717.0)	(203.0)	(920.0)

Significant judgements and estimates

There are no significant judgements or estimates in the year.

2. Analysis of Revenue

An analysis of the Company's revenue by business segment is set out below:

	General use of electricity networks £m	Network connections services £m	Other network activity £m	Other revenue £m	Total £m
Transmission revenue at 31 March 2025	**783.0**	**21.4**	**1.1**	**1.5**	**807.0**
Transmission revenue at 31 March 2024	854.9	18.8	10.6	1.6	885.9

The existence of each segment is fundamental to the successful operation of the transmission network. Each segment has similar economic characteristics and therefore the Directors assess that the Company has one reportable operating segment. Revenue earned from the construction, maintenance and renovation of the transmission network in the north of Scotland, is determined in accordance with the regulatory licence, based on an Ofgem approved revenue model and is recognised as charged to one main customer, National Grid. The Company also provides electricity connections providing essential and safe access to the transmission network. The Company continues to operate under the RIIO-T2 price control which runs until 31 March 2026.

3. Expenses and auditor's remuneration

Operating profit is arrived at after charging/(crediting):

	2025 £m	2024 £m
Depreciation of property, plant and equipment (note 8)	**143.7**	124.7
Amortisation of intangible assets (note 9)	**8.3**	6.3
Lease charges (i)	**0.1**	0.2
Release of deferred income in relation to customer contributions and capital grants	**(3.2)**	(2.9)
Net management fees in respect of services provided by SSE Group companies	**30.9**	26.8
Research costs	**4.3**	4.6

(i) Represents the expense of leases with a duration of 12 months or less, leases deemed to be "low value" and variable lease payments which do not depend on an index or rate with £0.1m (2024: £0.2m) charged in the current year.

The Company incurred £0.2m of external audit fees (2024: £0.2m). Included within this are audit related assurance service fees of £0.02m (2024: £0.02m).

4. Staff costs and numbers

	2025 £m	2024 £m
Staff costs:		
Wages and salaries	**124.6**	87.1
Social security costs	**14.7**	10.8
Share based remuneration	**2.2**	2.0
Pension costs	**20.0**	14.9
	161.5	114.8
Less charged as capital expenditure	**(106.4)**	(71.1)
	55.1	43.7

	2025 number	2024 number
Employee numbers		
Customer facing	**74**	81
Support staff	**2,252**	1,620
Numbers employed at 31 March	**2,326**	1,701

	2025 number	2024 number
Average employee numbers		
Customer facing	**68**	74
Support staff	**2,016**	1,443
The monthly average number of people employed by the Company during the year	**2,084**	1,517

	2025 £m	2024 £m
Directors remuneration	**3.7**	3.6

The total remuneration received by the Directors for qualifying and non-qualifying services including amounts paid and receivable under long term incentive schemes during the year was £3.7m (2024: £3.6m). The total attributable to the highest paid director is £1.4m (2024: £1.4m).

The above value is for 7 Directors (2024: 7), 7 of whom were remunerated via another Group company in the year. A value of services to the Company for these Directors cannot be determined, therefore the above value reflects the remuneration received for services to the SSE Group as a whole.

The aggregate of amounts paid and receivable under long term incentive schemes for Directors is £2.0m (2024: £1.4m), of which £0.8m (2024: £0.8m) is due to the highest paid Director. Total company pension contributions of £0.1m (2024: £0.1m) were made to a money purchase scheme on behalf of the Directors.

5 (2024: 4) Directors exercised share options in the parent's shares during the year. The highest paid Director exercised and received shares under a long-term incentive scheme in the year.

5. Interest receivable and similar income

	2025 £m	2024 £m
Interest receivable from short term deposits	**10.9**	4.1
Other income	**3.6**	7.7
Foreign exchange translation of monetary assets and liabilities	**-**	0.8
	14.5	12.6

6. Interest payable and similar charges

	2025 £m	2024 £m
Interest payable to SSE Group companies	**25.2**	25.2
Bank loans and overdrafts	**100.4**	59.2
Lease interest	**0.5**	0.4
Interest capitalised	**(55.5)**	(37.2)
Other charges	**2.2**	-
Foreign exchange translation of monetary assets and liabilities	**1.8**	-
	74.6	47.6

7. Taxation

	2025 £m	2024 £m
UK corporation tax		
Current tax on income for the period	**(54.3)**	24.0
Adjustment in respect of prior periods	**(0.2)**	2.0
Total current tax charge	**(54.5)**	26.0
Deferred tax (see note 15):		
Origination and reversal of temporary differences	**167.7**	112.0
Adjustment in respect of prior years	**0.2**	(2.9)
Total deferred tax	**167.9**	109.1
Total tax on profit	**113.4**	135.1

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2025 £m	2024 £m
Profit before taxation	**375.4**	530.7
Tax on profit at standard UK corporation tax rate of 25% (2024: 25%)	**93.8**	132.7
Effects of:		
Depreciation on non-qualifying assets	**1.4**	1.2
Adjustment in respect of previous periods	**-**	(0.8)
Other items	**(0.5)**	2.0
Discount on group relief	**18.7**	-
Total tax charge for year	**113.4**	135.1

The Company's profits are taxed at the standard rate of UK corporation tax being 25% for the year to 31 March 2025 (2024: 25%).

There were no announced or enacted changes in corporation tax rates in the year ended 31 March 2025.

8. Property, plant and equipment

	Land and buildings £m	Network assets £m	Vehicles and miscellaneous equipment £m	Total £m
Cost:				
At 1 April 2024	11.6	6,420.8	105.7	6,538.1
Additions	2.8	1,245.4	8.2	1,256.4
At 31 March 2025	**14.4**	**7,666.2**	**113.9**	**7,794.5**
Depreciation:				
At 1 April 2024	(1.8)	(945.6)	(41.4)	(988.8)
Charge for the year	(0.8)	(136.2)	(6.7)	(143.7)
At 31 March 2025	**(2.6)**	**(1,081.8)**	**(48.1)**	**(1,132.5)**
Net book value:				
At 31 March 2025	**11.8**	**6,584.4**	**65.8**	**6,662.0**
At 31 March 2024	9.8	5,475.2	64.3	5,549.3

The above property, plant and equipment includes £267.6m (2024: £212.1m) of capitalised interest, of which £55.5m was capitalised in the current year (2024: £37.2m). The weighted average interest rate applied in the year was 3.46% (2024: 2.94%). This is depreciated annually according to the useful economic life of the asset to which the capitalised interest relates.

Included in the above line items are the following right-of use assets:

	Land and buildings £m
Cost:	
At 1 April 2024	11.6
Additions	2.8
At 31 March 2025	**14.4**
Depreciation:	
At 1 April 2024	(1.8)
Charge for the year	(0.8)
At 31 March 2025	**(2.6)**
Net book value:	
At 31 March 2025	**11.8**
At 31 March 2024	9.8

9. Intangible assets

	IT Software £m
Cost:	
At 1 April 2024	48.3
Additions	20.3
At 31 March 2025	**68.6**
Amortisation:	
At 1 April 2024	(21.2)
Charge for the year	(8.3)
At 31 March 2025	**(29.5)**
Net book value:	
At 31 March 2025	**39.1**
At 31 March 2024	27.1

10. Debtors

	2025 £m	2024 £m
Trade debtors	12.7	4.7
Other receivables	69.9	-
Amounts owed by Group undertakings	0.3	-
Prepayments and accrued income	414.7	208.6
Contracted related receivables	1.4	1.2
	499.0	214.5

The increase in prepayments and accrued income from prior year is due to upfront payments relating to Transmission projects.

11. Cash and cash equivalents

	2025 £m	2024 £m
Cash and cash equivalents	7.4	128.9

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and short term highly liquid investments with maturity of three months or less. Any cash and cash equivalents that represent amounts received to fund Strategic Investment Fund (SIF) projects is restricted and can only be used for the purpose of the relevant project. The total restricted cash balance as at 31 March 2025 was £2.6m (2024: £0.9m).

12. Creditors: amounts falling due within one year

	2025 £m	2024 £m
Trade creditors	30.1	105.7
Loans due to ultimate parent (note 14)	450.0	300.0
Amounts owed to Group undertakings	44.5	52.8
Other creditors	22.1	24.8
Contract related liabilities (i)	11.4	5.2
Accruals	191.6	170.9
Obligations under leases	0.7	0.3
	750.4	659.7

(i) Current contract related liabilities include customer contributions of £3.2m (2024: £3.0m). Revenue recognised in the reporting period of £3.2m was included in contract liabilities at the beginning of the period.

The amounts owed to Group undertakings include interest payable on ultimate parent SSE plc loan (note 14). Interest on the loan is charged at 3.38% (2024: 3.22%). No interest is payable on remaining elements owed to Group undertakings.

13. Creditors: amounts falling due after more than one year

	2025 £m	2024 £m
Loans and borrowings (note 14)	3,278.9	2,088.0
Loans due to ultimate parent (note 14)	30.0	480.0
Contract related liabilities (i)	167.0	154.0
Obligations under leases	12.6	11.0
	3,488.5	2,733.0

(i) Non-current contract related liabilities include customer contributions of £136.2m (2024: £123.4m).

Details of the interest rates in relation to the loans and borrowings are included in note 14.

14. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings which are held at amortised cost.

Analysis of Borrowings	2025 Weighted Average Interest Rate (vi)	2025 Face value £m	2025 Fair value £m	2025 Carrying amount £m	2024 Weighted Average Interest Rate	2024 Face value £m	2024 Fair value £m	2024 Carrying amount £m
Current								
3.38% Loan Stock repayable to SSE plc on 25 February 2026	3.38%	450.0	437.7	450.0	-	-	-	-
2.75% Loan Stock repayable to SSE plc on 31 March 2025	-	-	-	-	2.75%	300.0	290.9	300.0
Total current borrowings		450.0	437.7	450.0		300.0	290.9	300.0
Non-Current								
Other Loans – Revolving Credit Facility Advances(i)	4.75%	340.0	340.0	340.0	-	-	-	-
3.38% Loan Stock repayable to SSE plc on 25 February 2026	-	-	-	-	3.38%	450.0	417.8	450.0
5.63% Loan Stock repayable to SSE plc on 31 March 2028	5.63%	30.0	30.1	30.0	5.63%	30.0	30.2	30.0
Fixed Rate European Investment Bank repayable 20 May 2026	2.16%	300.0	288.1	300.0	2.16%	300.0	279.2	299.9
Floating Rate European Investment Bank repayable 9 March 2028	5.54%	100.0	102.5	100.0	5.54%	100.0	102.5	100.0
Fixed Rate Eurobond repayable 24 March 2028	1.50%	250.0	227.5	249.5	1.50%	250.0	221.5	249.3
Between two and five years		1,020.0	988.2	1,019.5		1,130.0	1,051.2	1,129.2
Fixed Rate Eurobond repayable 4 September 2032(ii)	3.38%	715.3	702.7	713.6	-	-	-	-
Fixed Rate Eurobond repayable 27 September 2035	2.25%	350.0	252.4	347.8	2.25%	350.0	266.3	347.6
Fixed Rate Eurobond repayable 24 March 2036	2.13%	250.0	175.4	248.7	2.13%	250.0	184.7	248.6
Fixed Rate Eurobond repayable 15 January 2044	5.50%	500.0	448.3	493.0	5.50%	500.0	500.8	492.6
Private Placement 30 June 2032	3.13%	175.0	152.1	175.0	3.13%	175.0	148.0	175.0
Private Placement 26 June 2034(iii)	4.73%	111.3	107.9	111.3	-	-	-	-
Private Placement 30 June 2037	3.24%	175.0	135.5	175.0	3.24%	175.0	146.2	175.0
Private Placement 19 July 2039(iv)	5.59%	30.0	28.4	30.0	-	-	-	-
Over five years		2,306.6	2,002.7	2,294.4		1,450.0	1,246.0	1,438.8
Fair value adjustment(v)				(5.0)				
Total non-current borrowings		3,326.6	2,990.9	3,308.9		2,580.0	2,297.2	2,568.0
Total borrowings		3,776.6	3,428.6	3,758.9		2,880.0	2,588.1	2,868.0

(i) The £340.0m has been classified as non-current within debt maturing in two to five years in accordance with IAS 1 paragraph 75A. The debt was repaid in April 2025, subsequent to the balance sheet date.

(ii) The 3.38% €850m Eurobond maturing 4 September 2032 has been swapped to Sterling giving an effective interest rate of 4.91%.

(iii) June 2024 – 1.5bn NOK (£111m) 10 year private placement maturing 26 June 2034 with a coupon of 4.731% and an all-in GBP cost of 5.3315% once swapped back to Sterling

(iv) July 2024 - £30m 15 year private placement maturing 19 July 2039 with a coupon of 5.591%.

(v) The fair value adjustment relates to the change in the carrying amount of the borrowings as a result of fair value hedges that are in place. The movement in the fair value adjustment is recognised in the income statement with a corresponding movement on the hedging instrument also being recognised in the income statement

(vi) The weighted average interest rates for the year ended 31 March 2025 was 3.80% (2024: 3.22%) and the weighted average remaining term was 7.4 years (2024: 8.3 years).

15. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Accelerated capital allowances		-	**656.5**	488.3	**656.5**	488.3
Other timing differences	**-**	(0.2)	**-**	-	**-**	(0.2)
Fair value movement on derivatives	**-**	(3.1)	**2.8**	-	**2.8**	(3.1)
Net tax liabilities	**-**	(3.3)	**659.3**	488.3	**659.3**	485.0

	1 April 2024 £m	**Recognised in income £m**	**Recognised in equity £m**	**31 March 2025 £m**
Movement in deferred tax during the year	**485.0**	**167.9**	**6.4**	**659.3**

	1 April 2023 £m	Recognised in income £m	Recognised in equity £m	31 March 2024 £m
Movement in deferred tax during the year	380.3	109.0	(4.3)	485.0

16. Equity

Share capital	**2025 £m**	2024 £m
Allotted, called up and fully paid:		
354,300,000 ordinary shares of £1.00 each	**354.3**	354.3

Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge derivative instruments related to hedged transactions that have not yet occurred.

17. Pensions

1% (2024: 1%) of the Company's employees are members of the Scottish Hydro-Electric Pension Scheme which provides defined benefits based on final pensionable pay. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is another member of the Group.

New employees can join a defined contribution scheme with the Company matching the members' contributions up to 6% of salary, increasing to a further 3% after two years of service and a further 3% after ten years continuous service. The scheme is managed by Aviva.

The Company's share of the total contribution payable to the pension schemes during the year was £20.0m (2024: £14.9m).

18. Derivatives and financial instruments

The Group's Treasury department is responsible for managing the banking and liquidity requirements of the Company, risk management relating to interest rate and foreign exchange exposures, and for managing the credit risk relating to the banking counterparties with which it transacts. Short term liquidity is reviewed daily by the department while longer term liquidity position is reviewed on a regular basis by the Group Board. The department's operations are governed by policies determined by the Group's Board and any breaches of these policies are reported to the Tax and Treasury Committee and the Group's Audit Committee. The Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to either the Group or Company's reputation.

The Company has access to a £1.5bn committed bank facility, the facilities were re-financed with the £0.75bn facility relating to Scottish Hydro Electric Transmission plc being increased to £1.5bn. The re-financing of the committed facilities was undertaken to ensure the Company is set up to meet its funding obligations over the next five years, with available committed facilities. The Company has also entered into an additional £141m of Private Placement facilities during the year. The Directors have considered stress testing sensitivities to the Company's cash flow and funding projects, negative and positive sensitivities on operating cash flows and uncommitted capital expenditure and other adjustments and concluded that the Company has sufficient headroom to continue as a going concern.

(i) Currency risk

Exposure to foreign currency risk arises in the normal course of the Company's business. Derivative financial instruments are entered into to hedge exposure to foreign currency risk.

The Company presents its financial statements in Sterling but also conducts business in foreign currencies. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Company's transaction costs.

The Company's policy is to use forward contracts to manage its exposures to foreign exchange risk. All such exposures are transactional in nature and relate primarily to procurement contracts. The policy is to seek to hedge 100% of its material currency requirements arising under all committed contracts.

(ii) Interest rate risk

Interest rate risk derives from the Company's exposure to changes in value of an asset or liability or future cash flows through changes in interest rates.

The Company's policy is to manage this risk by stipulating that a minimum of 75% of borrowings be subject to fixed rates of interest, either directly through the debt instruments themselves or through the use of derivative financial instruments. The floating rate borrowings are provided by banks including the European Investment Bank (EIB). These practices serve to reduce the volatility of the Company's financial performance.

Although interest rate derivatives are primarily used to hedge risk relating to current borrowings, under certain circumstances they may also be used to hedge future borrowings. Any such pre-hedging is unwound at the time of pricing the underlying debt, either through cash settlement on a net present value basis or by transacting offsetting trades.

The impact of a change in interest rates is dependent on the specific details of the financial asset or liability in question. Changes in fixed rate financial assets and liabilities, which account for the majority of cash, loans and borrowings, are not measured at fair value through the profit and loss account. In addition to this, changes to fixed-to-floating hedging instruments which are recorded under cash flow hedge accounting also do not impact the profit and loss account. A derivative classified as a 'cash flow' hedge recognises the portion of gains or losses on the derivative which are deemed to be effective directly in equity in the hedge reserve.

The exposure measured is therefore based on variable rate debt and instruments.

(iii) Fair values

The fair values of the Company's financial assets and financial liabilities, and the carrying amounts in the balance sheet are analysed below. Balances included in the analysis of primary financial assets and liabilities include cash and cash equivalents, loans and borrowings, trade debtors and trade creditors, all of which are disclosed separately.

Summary fair values

The fair values of the primary financial assets and liabilities together with their carrying values are as follows:

	2025 Carrying value £m	**2025 Fair Value £m**	2024 Carrying Value £m	2024 Fair Value £m
Financial Assets				
Trade and intercompany debtors	**13.0**	**13.0**	4.6	4.6
Derivative financial assets	**29.5**	**29.5**	10.2	10.2
Financial Liabilities				
Trade and intercompany creditors	**74.6**	**74.6**	158.5	158.5
Loans and borrowings	**3,278.9**	**2,960.8**	2,088.0	1,849.2
Loans due to ultimate parent	**480.0**	**467.8**	780.0	738.9
Derivative financial liabilities	**16.7**	**16.7**	18.0	18.0

19. Capital commitments

	2025 £m	2024 £m
Contracted but not provided for	**3,509.2**	823.3

The year on year increase in capital commitments contracted but not provided for is mainly attributable to large capital projects moving into the initial construction phases.

20. Net Debt

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings which are held at amortised cost.

		Financing cash flows			Non-cash movements			
Reconciliation of movements in financing liabilities	**At 31 March 2024 £m**	**New Borrowings £m**	**Repayment of borrowings £m**	**Repayment of lease creditor £m**	**Fair Value movement £m**	**Lease liabilities £m**	**Re-classification £m**	**At 31 March 2025 £m**
Loan Stock	480.0	-	-	-	-	-	(450.0)	30.0
Fixed Rate EIB	299.9	-	-	-	0.1	-	-	300.0
Floating Rate EIB	100.0	-	-	-	-	-	-	100.0
Fixed Rate Eurobonds	1,338.1	713.5	-	-	(3.2)	-	-	2,048.4
Private Placement	350.0	141.3	-	-	(0.8)	-	-	490.5
Total Long-term liabilities	**2,568.0**	**854.8**	**-**	**-**	**(3.9)**	**-**	**(450.0)**	**2,968.9**
Bank Loans	-	340.0	-	-	-	-	-	340.0
Loan Stock	300.0	-	(300.0)	-	-	-	450.0	450.0
Total Short-term liabilities	**300.0**	**340.0**	**(300.0)**	**-**	**-**	**-**	**450.0**	**790.0**
Lease liabilities	11.3	-	-	(1.1)	-	3.1	-	13.3
Total loans and borrowings	**2,879.3**	**1,194.8**	**(300.0)**	**(1.1)**	**(3.9)**	**3.1**	**-**	**3,772.2**

		Financing cash flows			Non-cash movements			
Reconciliation of movements in financing liabilities	At 31 March 2023 £m	New Borrowings £m	Repayment of borrowings £m	Repayment of lease creditor £m	Fair Value movement £m	ease liabilities £m	Re-classification £m	At 31 March 2024 £m
Loan Stock	780.0	-	-	-	-	-	(300.0)	480.0
Fixed Rate EIB	299.9	-	-	-	-	-	-	299.9
Floating Rate EIB	100.0	-	-	-	-	-	-	100.0
Fixed Rate Eurobonds	844.9	492.6	-	-	0.6	-	-	1,338.1
Private Placement	350.0	-	-	-	-	-	-	350.0
Total Long-term liabilities	2,374.8	492.6	-	-	0.6	-	(300.0)	2,568.0
Bank Loans	100.0	-	(100.0)	-	-	-	-	-
Fixed Rate EIB	50.0	-	(50.0)	-	-	-	-	-
Loan Stock	-	-	-	-	-	-	300.0	300.0
Total Short-term liabilities	150.0	-	(150.0)	-	-	-	300.0	300.0
Lease liabilities	9.1	-	-	(0.7)	-	2.9	-	11.3
Total loans and borrowings	2,533.9	492.6	(150.0)	(0.7)	0.6	2.9	-	2,879.3

21. Joint Operation

The Company's investment in joint operation undertakings at 31 March is a 50% (2024: 50%) holding in Eastern Green Link 2 Limited of £1.00 ordinary shares which was incorporated on 22 February 2023. Details are as follows:

Company name	Relation	Country of incorporation	Registered address	2025 Holding %	2024 Holding %	Principal Activity
Eastern Green Link 2 Ltd	Joint Operation	England and Wales	No. 1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH	**50%**	50%	Power Transmission

Eastern Green Link 2 Limited is a joint operation between the Company and National Grid Electricity Transmission plc to install a 2GW subsea high-voltage connection.

22. Provision

The network in the north of Scotland plays a leading role in the clean energy transition, connecting and transporting renewable electricity from wind, hydro and marine generation. The Company launched a new Community Benefit Fund during the year, designed to bring substantial benefits and a positive, lasting legacy through local and regional initiatives across the north of Scotland to communities hosting this new infrastructure. The community benefit funding associated with electricity transmission projects is guided by Department for Energy Security and Net Zero publication and is designed to ensure communities gain tangible benefits from new development. The guidance and approach in funding allocation aims to create consistency and fairness in the distribution of benefits.

As at 31 March 2025, the provision for community benefit funding amounted to £1.8 million (2024: £nil).

	£m
Balance at 1 April 2024	-
Charged in the year	2.3
Utilised during the year	(0.5)
Balance at 31 March 2025	**1.8**

23. Ultimate parent company

The Company is 75% (2024: 75%) owned by SSE plc and 25% (2024: 25%) owned by OTPP. SSE plc is the ultimate parent company and is registered in Scotland. The largest and smallest Group in which the results of the Company are consolidated is that headed by SSE plc. The consolidated financial statements of the Group (which include those of the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the Company's website at www.sse.com.