

SSE plc's (the "Company") consolidated financial statements for the year ended 31 March 2026, and the associated audit report from Ernst & Young LLP ("EY"), have been extracted without adjustment from the Company's Annual Report and Accounts for the year ended 31 March 2026 ("2026 ARA"). The 2026 ARA, including the consolidated financial statements and audit report, was approved and signed on 27 May 2026 but has not yet been published. The 2026 ARA is expected to be published on 12 June 2026 and will be accessible on SSE plc's website at <https://www.sse.com/investors/debt-investors/emtn-programme/>.

To the fullest extent permitted by law, EY does not accept or assume responsibility to anyone for their audit report as set out in this document.

Upon publication of the 2026 ARA, EY's liability for their audit report is solely to Company and its members as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and their audit work was only undertaken for the purposes of stating to the Company's members those matters they are required to state in an auditor's report and for no other purpose.

Financial Statements

for the year ended 31 March 2026
SSE plc

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Alternative Performance Measures

When assessing, discussing, measuring and reporting the Group's financial performance, management refer to measures used for internal performance management. These measures are not defined or specified under International Financial Reporting Standards ("IFRS") and as such are considered to be Alternative Performance Measures ("APMs").

By their nature, APMs are not uniformly applied by all preparers including other participants in the Group's industry. Accordingly, APMs used by the Group may not be comparable to other companies within the Group's industry.

Purpose

APMs are used by management to aid comparison and assess historical performance against internal performance benchmarks and across reporting periods. These measures provide an ongoing and consistent basis to assess performance by excluding items that are materially non-recurring, uncontrollable or exceptional. These measures can be classified in terms of their key financial characteristics:

- **Profit measures** allow management to assess and benchmark underlying business performance during the year. They are primarily used by operational management to measure operating profit contribution and by the Board to monitor performance against business plan. The Group has six profit measures, of which Adjusted Operating Profit and Adjusted Profit Before Tax are the main focus of management through the financial year and Adjusted Earnings Per Share is the main focus of management on an annual basis. In order to derive Adjusted Earnings Per Share, the Group has defined Adjusted Operating Profit, Adjusted Net Finance Costs, and Adjusted Current Tax Charge as components of the Adjusted Earnings Per Share calculation. Adjusted EBITDA is used by management as a proxy for cash derived from ordinary operations of the Group.
- **Capital measures** allow management to track and assess the progress of the Group's significant capital investments and projects against their approved investment cases, including the expected timing of their operational deployment and to provide a measure of progress against the Group's strategic objectives.
- **Debt measures** allow management to record and monitor both operating cash generation and the Group's ongoing financing and liquidity position.

During the year, the Group refined its Adjusted Net Debt and Hybrid Capital measure by removing a proportionate share of SSE plc's external debt invested in subsidiaries with a non-controlling interest, along with any related net finance costs from its Adjusted Net Finance Costs, Adjusted Profit Before Tax and Adjusted Earnings Per Share measures. There have been no other changes to the way the Group calculates its APMs in the current year.

The following section explains the key APMs applied by the Group and referred to in these statements:

Profit measures

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation)	Measure which acts as proxy for cash generated from operating activities	Operating profit	<ul style="list-style-type: none"> – Movement on operating and joint venture operating derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Share of joint ventures and associates' interest and tax – Depreciation and amortisation before exceptional charges (including depreciation expense on fair value uplifts) – Share of joint ventures and associates' depreciation and amortisation – Operating profit attributable to non-controlling interest holders – Depreciation and amortisation attributable to non-controlling interest holders – Release of deferred income
Adjusted Operating Profit	Measure of the underlying business performance excluding material non-recurring and exceptional items	Operating profit	<ul style="list-style-type: none"> – Movement on operating and joint venture operating derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Depreciation expense on fair value uplifts – Share of joint ventures and associates' interest and tax – Operating profit attributable to non-controlling interest holders
Adjusted Profit Before Tax	Measure of the underlying business performance excluding material non-recurring and exceptional items, before tax	Profit before tax	<ul style="list-style-type: none"> – Movement on operating and financing derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Profit before tax attributable to non-controlling interest holders – Depreciation expense on fair value uplifts – Share of joint ventures and associates' tax
Adjusted Net Finance Costs	Used to monitor the underlying cost of Group financing	Net finance costs	<ul style="list-style-type: none"> – Exceptional items – Movement on financing derivatives – Share of joint ventures and associates' interest – Net financing costs attributable to non-controlling interest holders

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Current Tax Charge	Measure of the current year tax charge excluding deferred and exceptional elements	Tax charge	<ul style="list-style-type: none"> – Share of joint ventures and associates' tax – Non-controlling share of current tax including tax on net finance costs attributable to non-controlling interest holders – Deferred tax including share of joint ventures, associates and non-controlling interests – Tax on exceptional items and "certain re-measurements"
Adjusted Earnings Per Share	Measure of earnings available to ordinary shareholders on an adjusted basis	Earnings per share	<ul style="list-style-type: none"> – Exceptional items – Adjustments to Gas Production decommissioning provision – Movements on operating and financing derivatives ("certain re-measurements") – Depreciation expense on fair value uplifts – Deferred tax including share of joint ventures, associates and non-controlling interests – Net finance costs attributable to non-controlling interest holders

Rationale for adjustments to profit measures

1 Movement on operating and financing derivatives ("certain re-measurements")

This adjustment can be designated between operating and financing derivatives.

Operating derivatives

The Group's SSE Energy Markets function enters forward commitments or options to buy or sell power, gas and other commodities. These contracts are used to:

- meet the future demand requirements of Energy Customer Solutions, or
- optimise the value of generation from SSE Renewables and SSE Thermal generation assets; or
- conduct trading activities within the value at risk limits set out by the Energy Markets Risk Committee.

Certain of these contracts (predominantly purchase contracts) are determined to be derivative financial instruments under IFRS 9 and as such are required to be recorded at their fair value. Changes in the fair value of those commodity contracts designated as IFRS 9 financial instruments are recognised in the income statement (as part of "certain re-measurements").

The Group presents these fair value movements separately, as they introduce volatility that does not reflect the underlying performance of its operating segments. The underlying value of these contracts is recognised as the relevant commodity is delivered, typically within the subsequent 12 to 24 months.

Conversely, commodity contracts that do not meet the definition of a financial instrument under IFRS 9 (predominately sales contracts) are accounted for as "own use" contracts and are consequently not recorded until the commodity is delivered and the contract is settled.

Additionally, gas inventory purchased by the Group's Gas Storage business for secondary trading opportunities is also held at fair value with gains and losses on re-measurement recognised as part of "certain re-measurements" in the income statement.

Finally, the mark-to-market valuation movements on SSE Renewables' contracts for difference ("CfDs") that are not designated as government grants and are measured as Level 3 fair value financial instruments are also included within "certain re-measurements".

Financing derivatives

Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts entered to manage the Group's banking, liquidity and risk management exposures relating to interest rate and foreign exchange.

Changes in the fair value of the non-hedge account financing derivatives are recognised in the income statement (within "certain re-measurements"). These forward contracts are presented separately as this mark-to-market movement does not reflect the underlying performance of the Group's operations.

Presentation

The re-measurements arising from both operating and financing derivatives, together with their associated tax effects, are disclosed separately to aid transparency and provide a clearer understanding of the Group's underlying performance.

2 Exceptional items

Exceptional charges or credits, and the tax effects thereof, are considered unusual by nature or scale and of such significance that separate disclosure is required for the underlying performance of the Group to be properly understood. Further explanation for the classification of an item as exceptional is included in [note 3.2](#).

3 Adjustments to Gas Production decommissioning provision

The Group retains an obligation for 60% of the decommissioning liabilities of its former Gas Production business which was disposed in October 2021. The revaluation adjustments relating to these decommissioning liabilities are accounted for through the Group's consolidated income statement and are removed from the Group's adjusted profit measures as the revaluation of the provision is not considered to be part of the Group's core continuing operations.

4 Share of joint ventures and associates' interest and tax

The Group's reported operating profit includes its share of post-tax results from equity-accounted joint ventures and associates. For internal performance management and for consistency, SSE excludes its share of associated interest and tax from its Adjusted Operating Profit. On adoption of IFRS 18 the Group's share of joint venture interest and tax will no longer be reported within operating profit. It is expected that the Group's APM reconciliations will be amended to maintain consistent reporting of Adjusted Profit Measures.

5 Share of joint ventures and associates' depreciation and amortisation

For management purposes, the Group considers Adjusted EBITDA ("earnings before interest, tax, depreciation and amortisation") based on a sum-of-the-parts derived metric which includes a share of the EBITDA from equity accounted investments. While this is not equal to adjusted cash generated from operating activities, it is considered useful by management in assessing a proxy for such a measure, given the complexity of the Group structure and the range of investment structures utilised. For the purpose of calculating the Net Debt to EBITDA metric referred at [page 23](#), Adjusted EBITDA is further refined to remove the proportion of adjusted EBITDA from equity-accounted joint ventures relating to off-balance sheet debt.

6 Depreciation expense on fair value uplifts

When SSE reduces its ownership interest in a subsidiary through a part-disposal that results in the loss of control, the retained interest is initially re-measured at fair value. This can give rise to fair value uplifts on the underlying assets. These uplifts are recognised as non-cash exceptional gains in the year of the transaction. The associated depreciation or amortisation arising from these one-off uplifts is excluded from the Group's Adjusted Profit Measures, as it does not reflect the ongoing underlying performance of the business.

7 Release of deferred income

The Group deducts the release of deferred income in the year from its Adjusted EBITDA metric as it principally relates to customer contributions against depreciating assets. As the metric adds back depreciation, the income release is also deducted.

8 Deferred tax

The Group adjusts for deferred tax when arriving at adjusted profit after tax, Adjusted Earnings Per Share and its adjusted effective rate of tax. Deferred tax arises as a result of differences in accounting and tax bases that give rise to potential future accounting credits or charges. As the Group remains committed to its ongoing capital programme, the liabilities associated are not expected to reverse and accordingly the Group excludes these from its Adjusted Profit Measures.

9 Results attributable to non-controlling interest holders

Certain Group subsidiaries, including SSEN Transmission, are controlled but not wholly owned by the Group. The share of profit, depreciation, amortisation, net finance costs, and tax attributable to non-controlling interests is excluded from Adjusted Profit Measures to reflect only the results attributable to the Group's ordinary shareholders. For consistency with the refinement to the Group's adjusted debt measure, a proportionate share of net finance costs relating to non-controlling interests is removed, to better represent the Group's underlying economic interest. This refinement represents a change to the derivation of the Adjusted Net Finance Costs measure reported in the 31 March 2026 financial statements. The impact of this change applied in the year ended 31 March 2026 has been to decrease Adjusted Net Finance Costs from £219.8m to £211.8m (2025: £281.0m to £274.7m); increase Adjusted Profit Before Tax from £2,016.8m to £2,024.8m (2025: £2,138.2m to £2,144.5m); and increase Adjusted Earnings per Share from 153.0p to 153.5p (2025: 160.9p to 161.3p).

March 2026

	Reported £m	Movement on derivatives £m	Exceptional items £m	Reported before exceptional items and certain re-measurements £m	Adjustments to Gas Production decommissioning provision £m	Joint venture interest and tax £m	Depreciation expense on FV uplifts £m	Deferred tax £m	Results attributable to non- controlling interests £m	Adjusted £m
Operating profit	1,888.9	157.7	162.6	2,209.2	(12.6)	206.9	20.3	–	(187.2)	2,236.6
Net finance (costs)/income	(51.6)	(17.9)	–	(69.5)	–	(155.7)	–	–	13.4	(211.8)
Profit before taxation	1,837.3	139.8	162.6	2,139.7	(12.6)	51.2	20.3	–	(173.8)	2,024.8
Taxation	(425.7)	(16.9)	(39.6)	(482.2)	–	(51.2)	–	354.2	(14.2)	(193.4)
Profit after taxation	1,411.6	122.9	123.0	1,657.5	(12.6)	–	20.3	354.2	(188.0)	1,831.4
Attributable to other equity holders	(202.9)	1.9	–	(201.0)	–	–	–	(64.5)	192.6	(72.9)
Profit attributable to ordinary shareholders	1,208.7	124.8	123.0	1,456.5	(12.6)	–	20.3	289.7	4.6	1,758.5
Number of shares for EPS	1,145.4									1,145.4
Earnings per share (pence)	105.5									153.5

EBITDA	Adjusted operating profit £m	Share of joint ventures and associates' depreciation and amortisation £m	Depreciation expense on FV uplifts £m	Release of deferred income £m	Depreciation, impairment and amortisation before exceptional charges £m	Depreciation, impairment and amortisation (before exceptional items) attributable to non-controlling interests £m	Adjusted EBITDA £m
Adjusted operating profit	2,236.6	173.0	(20.3)	(13.1)	879.3	(47.6)	3,207.9

March 2025

	Reported £m	Movement on derivatives £m	Exceptional items £m	Reported before exceptional items and certain re-measurements £m	Adjustments to Gas Production decommissioning provision £m	Joint venture interest and tax £m	Depreciation expense on FV uplifts £m	Deferred tax £m	Results attributable to non- controlling interests £m	Adjusted £m
Operating profit	1,962.2	78.5	309.7	2,350.4	(17.9)	173.3	20.1	–	(106.7)	2,419.2
Net finance (costs)/income	(111.3)	(12.8)	(0.3)	(124.4)	–	(164.3)	–	–	14.0	(274.7)
Profit before taxation	1,850.9	65.7	309.4	2,226.0	(17.9)	9.0	20.1	–	(92.7)	2,144.5
Taxation	(518.0)	(4.0)	(29.7)	(551.7)	–	(9.0)	–	276.6	(13.8)	(297.9)
Profit after taxation	1,332.9	61.7	279.7	1,674.3	(17.9)	–	20.1	276.6	(106.5)	1,846.6
Attributable to other equity holders	(143.5)	–	–	(143.5)	–	–	–	(41.5)	111.3	(73.7)
Profit attributable to ordinary shareholders	1,189.4	61.7	279.7	1,530.8	(17.9)	–	20.1	235.1	4.8	1,772.9
Number of shares for EPS	1,099.2									1,099.2
Earnings per share (pence)	108.2									161.3

* The comparative has been restated. See note 1.2.

EBITDA	Adjusted operating profit £m	Share of joint ventures and associates' depreciation and amortisation £m	Depreciation expense on FV uplifts £m	Release of deferred income £m	Depreciation, impairment and amortisation before exceptional charges £m	Depreciation, impairment and amortisation (before exceptional items) attributable to non-controlling interests £m	Adjusted EBITDA £m
Adjusted operating profit	2,419.2	226.0	(20.1)	(14.1)	776.1	(37.8)	3,349.3

Alternative Performance Measures continued

Debt measure

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Net Debt and Hybrid Capital	Measure of the capital owed to investors and lenders	Unadjusted net debt	<ul style="list-style-type: none"> – Cash held and posted as collateral and other deposits – Lease obligations – Borrowings and cash attributable to non-controlling interest holders – Hybrid equity

Rationale for adjustments to debt measure

10 Cash held and posted as collateral and other deposits

Cash held and posted as collateral refers to cash balances received from and deposited with counterparties including trading exchanges. Collateral balances mostly represent initial and variation margin, required as part of the management of the Group's exposures on commodity contracts, that will be received on maturity of the related trades. Deposits with a maturity of more than three months are also included in this adjustment. The Group includes this adjustment to better reflect the cash resources to which it has access, which in turn better reflects the Group's funding position.

11 Lease obligations

SSE's reported loans and borrowings include lease obligations recognised under IFRS 16 "Leases". The Group excludes these liabilities from Adjusted Net Debt and Hybrid Capital to better reflect the Group's underlying funding position with its primary sources of capital.

12 Borrowings and cash attributable to non-controlling interest holders

Certain Group subsidiaries, including SSEN Transmission, are controlled but not wholly owned by the Group. The share of external debt and cash attributable to non-controlling interests is excluded from Adjusted Net Debt and Hybrid Capital so that the debt metric reflects only amounts proportionately attributable to the Group's ordinary shareholders.

Additionally, where external funding is raised by SSE plc and used to fund investment in subsidiaries whose non-controlling interest holders do not contribute capital on a proportionate basis, such as SSEN Transmission, the Group has removed a proportionate share of external debt and related net finance costs to better represent the Group's underlying economic interest. This refinement represents a change to the Group's Adjusted Net Debt and Hybrid Capital measure presented in the 31 March 2026 financial statements. The impact of the change has been to decrease the Group's Adjusted Net Debt and Hybrid Capital measure from £10,345.0m to £10,095.0m (2025: £10,186.7m to £10,066.7m).

13 Hybrid equity

The characteristics of certain hybrid capital securities mean that they qualify for recognition as equity rather than debt under applicable accounting standards. Consequently, their coupon payments are presented within equity rather than within finance costs and are not included in SSE's Adjusted Profit Before Tax measure. To present total funding provided from sources other than ordinary shareholders, SSE presents its adjusted net debt measure inclusive of hybrid capital to better reflect the Group's funding position.

	March 2026 £m	March 2025 £m (restated*)
Unadjusted net debt	(8,578.3)	(9,513.9)
Cash (held) and posted as collateral and other deposits	(246.0)	(63.3)
Lease obligations	456.7	455.0
Borrowings and cash attributable to non-controlling interest holders	1,258.4	937.9
Adjusted Net Debt	(7,109.2)	(8,184.3)
Hybrid equity	(2,985.8)	(1,882.4)
Adjusted Net Debt and Hybrid Capital	(10,095.0)	(10,066.7)

* The comparative has been restated. See note 1.2.

Capital measures

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Investment and Capital Expenditure	Measures the Group's underlying investment in capital assets, excluding non-cash or third-party funded additions	Capital additions to intangible assets and property, plant and equipment	<ul style="list-style-type: none"> – Joint ventures and associates' additions funding – Allowances and certificates – Customer or third party funded additions – Lease asset additions – Capital expenditure attributable to non-controlling interests – Additions acquired through business combinations
Adjusted Investment, Capital and Acquisition Expenditure	Expands the above measure to include acquisition related cash consideration, providing a broader view of total investment growth	Capital additions to intangible assets and property, plant and equipment	<ul style="list-style-type: none"> – Joint ventures and associates' additions funding – Allowances and certificates – Customer or third party funded additions – Lease asset additions – Capital expenditure attributable to non-controlling interests – Additions acquired through business combinations – Acquisition cash consideration

Rationale for adjustments to capital measures

14 Joint ventures and associates' additions funding

Joint ventures and associates' additions included in the Group's capital measures represent the direct loan or equity funding provided by the Group to joint venture and associate arrangements in relation to capital expenditure projects. This has been included to better reflect the Group's use of directly funded equity accounted vehicles to grow the Group's asset base. Asset additions funded by project finance raised within the Group's joint ventures and associates are not included in this adjustment.

15 Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable source of generation certificates such as renewable obligations certificates ("ROCs"). Additions of allowances and certificates in the year are not included in the Group's "capital expenditure and investment" APM to better reflect the Group's investment in enduring operational assets.

16 Customer or third party funded additions

Customer or third party funded additions represents additions to the Group's electricity and other networks that are financed by cash provided by third parties. Given these are directly funded by customers or third parties, these additions have been excluded to better reflect the Group's underlying investment position.

17 Lease asset additions

Additions of right of use assets under the Group's IFRS 16 compliant policies for lease contracts are excluded from the Group's adjusted capital measures as they do not represent directly funded capital investment. This is consistent with the treatment of lease obligations explained at 11, above.

18 Capital expenditure attributable to non-controlling interests

The Group's structure includes controlled but non-wholly owned subsidiaries which are consolidated within the financial statements under relevant IFRS. The Group has removed the share of capital additions attributable to these equity holders from its Adjusted Investment and Capital Expenditure and Adjusted Investment, Capital and Acquisition Expenditure measures. This is consistent with the adjustments noted elsewhere related to these non-controlling interests.

19 Additions through business combinations

Where the Group acquires an early-stage development company, which is classified as the acquisition of an asset, or group of assets and not the acquisition of a business, the acquisition is treated as an addition to intangible assets or property, plant and equipment and is included within Adjusted Investment and Capital Expenditure. Where the Group acquires an established business or interest in an equity-accounted joint venture requiring a fair value assessment in line with the principles of IFRS 3 "Business Combinations", the fair value of acquired consolidated tangible or intangible assets is excluded from the Group's Adjusted Investment and Capital Expenditure, as they are not direct capital expenditure by the Group. However, the fair valuation of consideration paid for the business or investment is included in the Group's Adjusted Investment, Capital and Acquisition Expenditure measure.

During the current and prior year there were no significant acquisitions.

Alternative Performance Measures continued

20 Cash consideration in relation to business combinations

The Group has outlined a significant investment programme which will partly be achieved through the acquisition of businesses with development opportunities for the Group. The cash consideration paid for these entities is included within the Group's Adjusted Investment, Capital and Acquisition Expenditure measure as it provides stakeholders an accurate basis of cash investment into the Group's total development pipeline and is consistent with the reporting of the Group's projected capital investment expectations.

During the current and prior year there were no significant acquisitions.

	March 2026 £m	March 2025 £m
Capital additions to intangible assets	797.2	1,045.5
Capital additions to property, plant and equipment	3,983.5	2,791.5
Capital additions to intangible assets and property, plant and equipment	4,780.7	3,837.0
Joint ventures and associates' additions	189.0	288.0
Allowances and certificates	(500.6)	(603.7)
Customer or third party funded additions	(215.7)	(163.4)
Lease asset additions	(93.3)	(126.7)
Capital expenditure attributable to non-controlling interests	(574.5)	(320.8)
Adjusted Investment and Capital Expenditure	3,585.6	2,910.4
Adjusted Investment, Capital and Acquisition Expenditure	3,585.6	2,910.4

Consolidated income statement

for the year ended 31 March 2026

	Note	2026			2025		
		Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements (note 7) £m	Total £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements (note 7) £m	Total £m
Revenue	5	10,186.5	–	10,186.5	10,131.9	–	10,131.9
Cost of sales		(6,270.7)	(141.6)	(6,412.3)	(6,210.9)	(57.4)	(6,268.3)
Gross profit/(loss)		3,915.8	(141.6)	3,774.2	3,921.0	(57.4)	3,863.6
Operating costs	6	(1,818.6)	(162.6)	(1,981.2)	(1,742.0)	(309.7)	(2,051.7)
Debt impairment charges	A6.2	(29.4)	–	(29.4)	(47.1)	–	(47.1)
Other operating income		37.3	–	37.3	107.5	–	107.5
Operating profit/(loss) before joint ventures and associates		2,105.1	(304.2)	1,800.9	2,239.4	(367.1)	1,872.3
Joint ventures and associates:							
Share of operating profit		311.0	–	311.0	284.3	–	284.3
Share of interest		(155.7)	–	(155.7)	(164.3)	–	(164.3)
Share of movement in derivatives		–	(21.4)	(21.4)	–	(28.1)	(28.1)
Share of tax		(51.2)	5.3	(45.9)	(9.0)	7.0	(2.0)
Share of profit/(loss) on joint ventures and associates	16	104.1	(16.1)	88.0	111.0	(21.1)	89.9
Operating profit/(loss)	5	2,209.2	(320.3)	1,888.9	2,350.4	(388.2)	1,962.2
Finance income	9	240.9	17.9	258.8	194.8	13.1	207.9
Finance costs	9	(310.4)	–	(310.4)	(319.2)	–	(319.2)
Profit/(loss) before taxation		2,139.7	(302.4)	1,837.3	2,226.0	(375.1)	1,850.9
Taxation	10	(482.2)	56.5	(425.7)	(551.7)	33.7	(518.0)
Profit/(loss) for the year		1,657.5	(245.9)	1,411.6	1,674.3	(341.4)	1,332.9
Attributable to:							
Ordinary shareholders of the parent	11	1,456.5	(247.8)	1,208.7	1,530.8	(341.4)	1,189.4
Non-controlling interests		128.1	1.9	130.0	69.8	–	69.8
Other equity holders		72.9	–	72.9	73.7	–	73.7
Earnings per share							
Basic (pence)	11			105.5			108.2
Diluted (pence)	11			105.4			108.1

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

Consolidated statement of comprehensive income

for the year ended 31 March 2026

	2026 £m	2025 £m
Profit for the year	1,411.6	1,332.9
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss:		
Net (losses)/gains on cash flow hedges	(14.2)	48.1
Transferred to assets and liabilities on cash flow hedges	3.2	10.0
Taxation on cashflow hedges	3.8	(11.3)
	(7.2)	46.8
Share of other comprehensive loss of joint ventures and associates, net of taxation	(35.0)	(16.7)
Exchange difference on translation of foreign operations	64.4	(42.9)
(Loss)/gain on net investment hedge	(87.5)	36.0
	(65.3)	23.2
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on retirement benefit schemes, net of taxation	(60.6)	39.6
Share of other comprehensive (loss)/income of joint ventures and associates, net of taxation	(15.8)	15.8
Gains/(losses) on revaluation of investments in equity instruments, net of taxation	0.1	(0.3)
	(76.3)	55.1
Other comprehensive (loss)/gain, net of taxation	(141.6)	78.3
Total comprehensive income for the year	1,270.0	1,411.2
Attributable to:		
Ordinary shareholders of the parent	1,074.3	1,263.6
Non-controlling interests	122.8	73.9
Other equity holders	72.9	73.7
	1,270.0	1,411.2

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

Consolidated balance sheet

as at 31 March 2026

	Note	2026 £m	2025 £m (restated*)
Assets			
Property, plant and equipment	14	22,022.3	18,824.1
Goodwill and other intangible assets	13	2,249.1	2,170.5
Equity investments in joint ventures and associates	16	1,945.1	1,987.3
Loans to joint ventures and associates	16	1,621.2	1,510.3
Other investments	16	7.6	8.8
Other non-current assets	18	604.0	447.7
Derivative financial assets	24	193.9	63.5
Retirement benefit assets	23	459.8	501.8
Non-current assets		29,103.0	25,514.0
Intangible assets	13	527.3	392.7
Inventories	17	434.2	462.9
Trade and other receivables	18	3,030.3	2,695.4
Current tax asset	10	18.2	29.7
Cash and cash equivalents	21	1,542.9	1,090.5
Derivative financial assets	24	651.4	178.4
Assets held for sale	12	46.3	–
Current assets		6,250.6	4,849.6
Total assets		35,353.6	30,363.6
Liabilities			
Loans and other borrowings	21	1,204.4	1,964.0
Trade and other payables	19	3,286.9	2,708.2
Current tax liabilities	10	17.8	–
Financial guarantee liabilities	24	2.4	2.4
Provisions	20	59.6	80.5
Derivative financial liabilities	24	641.1	126.3
Liabilities directly associated with the assets held for sale	12	3.0	–
Current liabilities		5,215.2	4,881.4
Loans and other borrowings	21	8,916.8	8,640.4
Deferred tax liabilities	10	2,141.5	1,844.5
Trade and other payables	19	1,658.7	1,437.6
Financial guarantee liabilities	24	19.0	23.1
Provisions	20	711.9	676.1
Derivative financial liabilities	24	289.2	167.7
Non-current liabilities		13,737.1	12,789.4
Total liabilities		18,952.3	17,670.8
Net assets		16,401.3	12,692.8
Equity			
Share capital	22	607.7	555.6
Share premium		2,738.9	812.6
Capital redemption reserve		52.6	52.6
Hedge reserve		397.0	432.7
Translation reserve		(31.0)	(8.6)
Retained earnings		8,898.7	8,336.7
Equity attributable to ordinary shareholders of the parent		12,663.9	10,181.6
Hybrid equity	22	2,985.8	1,882.4
Attributable to non-controlling interests	22	751.6	628.8
Total equity		16,401.3	12,692.8

* The comparative has been restated. See note 1.2.

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

These financial statements were approved by the Board of Directors on 27 May 2026 and signed on their behalf by:

Barry O'Regan, **Sir John Manzoni,**
Chief Financial Officer Chairman

SSE plc

Registered No: SC117119

Consolidated statement of changes in equity

for the year ended 31 March 2026

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Translation reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity before non-controlling interests £m	Non-controlling interests £m	Total equity £m
At 1 April 2025	555.6	812.6	52.6	432.7	(8.6)	8,336.7	10,181.6	1,882.4	12,064.0	628.8	12,692.8
Profit for the year	–	–	–	–	–	1,208.7	1,208.7	72.9	1,281.6	130.0	1,411.6
Other comprehensive loss	–	–	–	(35.7)	(22.4)	(76.3)	(134.4)	–	(134.4)	(7.2)	(141.6)
Total comprehensive income for the year	–	–	–	(35.7)	(22.4)	1,132.4	1,074.3	72.9	1,147.2	122.8	1,270.0
Dividends to shareholders	–	–	–	–	–	(734.1)	(734.1)	–	(734.1)	–	(734.1)
Scrip dividend related share issue	3.2	(3.2)	–	–	–	133.0	133.0	–	133.0	–	133.0
Issue of shares net of costs	48.9	1,929.5	–	–	–	–	1,978.4	–	1,978.4	–	1,978.4
Issue of treasury shares	–	–	–	–	–	17.4	17.4	–	17.4	–	17.4
Distributions to Hybrid equity holders	–	–	–	–	–	–	–	(72.9)	(72.9)	–	(72.9)
Issue of Hybrid equity	–	–	–	–	–	–	–	1,103.4	1,103.4	–	1,103.4
Credit in respect of employee share awards	–	–	–	–	–	38.7	38.7	–	38.7	–	38.7
Investment in own shares	–	–	–	–	–	(25.4)	(25.4)	–	(25.4)	–	(25.4)
At 31 March 2026	607.7	2,738.9	52.6	397.0	(31.0)	8,898.7	12,663.9	2,985.8	15,649.7	751.6	16,401.3

for the year ended 31 March 2025

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Translation reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity before non-controlling interests £m	Non-controlling interests £m	Total equity £m
At 1 April 2024	548.1	820.1	52.6	407.6	(2.6)	7,540.0	9,365.8	1,882.4	11,248.2	554.9	11,803.1
Profit for the year	–	–	–	–	–	1,189.4	1,189.4	73.7	1,263.1	69.8	1,332.9
Other comprehensive income/(loss)	–	–	–	25.1	(6.0)	55.1	74.2	–	74.2	4.1	78.3
Total comprehensive income for the year	–	–	–	25.1	(6.0)	1,244.5	1,263.6	73.7	1,337.3	73.9	1,411.2
Dividends to shareholders	–	–	–	–	–	(671.0)	(671.0)	–	(671.0)	–	(671.0)
Scrip dividend related share issue	7.5	(7.5)	–	–	–	268.9	268.9	–	268.9	–	268.9
Issue of treasury shares	–	–	–	–	–	17.8	17.8	–	17.8	–	17.8
Distributions to Hybrid equity holders	–	–	–	–	–	–	–	(73.7)	(73.7)	–	(73.7)
Share buyback (note 22.1)	–	–	–	–	–	(71.7)	(71.7)	–	(71.7)	–	(71.7)
Credit in respect of employee share awards	–	–	–	–	–	22.3	22.3	–	22.3	–	22.3
Investment in own shares	–	–	–	–	–	(14.1)	(14.1)	–	(14.1)	–	(14.1)
At 31 March 2025	555.6	812.6	52.6	432.7	(8.6)	8,336.7	10,181.6	1,882.4	12,064.0	628.8	12,692.8

Consolidated cash flow statement

for the year ended 31 March 2026

	Note	2026 £m	2025 £m (restated*)
Operating profit		1,888.9	1,962.2
Less share of profit of joint ventures and associates		(88.0)	(89.9)
Operating profit before jointly controlled entities and associates		1,800.9	1,872.3
Pension service charges less contributions paid	23	(9.3)	(6.7)
Movement on operating derivatives	24	149.8	60.1
Depreciation, amortisation, write downs and impairments		979.0	1,057.1
Charge in respect of employee share awards		29.6	22.3
Profit on disposal of assets and businesses		(7.3)	(47.9)
(Credit)/charge in respect of provisions	20	(8.8)	6.4
Credit in respect of financial guarantees		(1.7)	(1.9)
Release of deferred income	6	(13.1)	(14.1)
Cash generated from operations before working capital movements		2,919.1	2,947.6
Decrease/(increase) in inventories		17.9	(109.5)
(Increase)/decrease in receivables		(0.1)	2.6
Increase/(decrease) in payables		474.8	(196.0)
Decrease in provisions		(36.8)	(23.7)
Cash generated from operations		3,374.9	2,621.0
Dividends received from investments	16	184.1	200.6
Interest paid		(243.3)	(260.1)
Interest received		180.8	155.9
Taxes paid		(61.3)	(240.6)
Net cash from operating activities		3,435.2	2,476.8
Purchase of property, plant and equipment	5	(4,147.0)	(2,689.2)
Purchase of intangible assets	5	(296.6)	(441.8)
Receipt of government grant income	5	41.7	55.7
Deferred income received		0.3	20.2
Proceeds from disposals		7.8	25.2
Purchases of businesses, joint ventures and subsidiaries	16	(22.7)	–
Loans and equity provided to joint ventures and associates		(288.3)	(408.3)
Loans and equity repaid by joint ventures		79.4	121.7
Decrease/(increase) in other investments	16	1.3	(1.9)
Net cash used in investing activities		(4,624.1)	(3,318.4)
Proceeds from issue of share capital, net of costs	22	1,995.8	17.8
Dividends paid to company's equity holders	11	(601.1)	(402.1)
Share buybacks	22	–	(71.7)
Hybrid equity dividend payments	22	(72.9)	(73.7)
Employee share awards share purchase	22	(25.4)	(14.1)
Issue of Hybrid instruments	22	1,103.4	–
New borrowings	21	1,595.3	2,592.2
Repayment of borrowings		(2,357.0)	(1,162.2)
Settlement of cashflow hedges		3.2	10.0
Net cash from financing activities		1,641.3	896.2
Net increase in cash and cash equivalents		452.4	54.6
Cash and cash equivalents at the start of year	21	1,090.5	1,035.9
Net increase in cash and cash equivalents		452.4	54.6
Cash and cash equivalents at the end of year	21	1,542.9	1,090.5

* The prior year cash flow statement has been restated. See note 1.2.

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

Notes to the consolidated financial statements

for the year ended 31 March 2026

1. General Information and basis of preparation

1.1. General information

SSE plc (the "Company") is a company domiciled in Scotland. The address of the registered office is given on the back cover. The Group's operations and its principal activities are set out in the Strategic Report. The consolidated financial statements for the year ended 31 March 2026 comprise those of the Company and its subsidiaries (together referred to as the Group). The Company financial statements present information about the Company as a separate entity and not about the Group, these can be seen on pages 244 to 253.

1.2. Basis of preparation

Statement of compliance

The financial statements were authorised for issue by the Directors on 27 May 2026. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS").

Going Concern

The Directors consider that the Group has adequate resources to continue in operational existence for the period to 31 December 2027. The financial statements are therefore prepared on a Going Concern basis.

In addition, further details of the Group's liquidity position and Going Concern review are provided at note 21 and in A6. Accompanying Information to the Financial Statements.

Basis of measurement

The financial statements of the Group are prepared on the historical cost basis except for certain gas inventory, derivative financial instruments, financial instruments designated at fair value through profit or loss or other comprehensive income on initial recognition, assets of the Group pension schemes, all of which are measured at their fair value, and liabilities of the Group's pension schemes which are measured using the projected unit credit method. The directors believe the financial statements present a true and fair view. The financial statements of the Group are presented in pounds Sterling, and all values are rounded to the nearest million to one decimal place (£m), unless otherwise stated. The basis for including operations and transactions conducted in currencies other than pounds Sterling is provided in A1. Accompanying Information to the Financial Statements on page 210.

Use of estimates and judgements

The preparation of financial statements conforming with adopted IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher level of judgement or estimation are summarised at pages 159 to 160.

Share-based payments

The Group previously assessed that, on the basis of materiality, the disclosures required under IFRS 2 "Share-based Payment" should be removed. The Group has assessed that at 31 March 2026 these disclosures continue to be immaterial to the Group's financial statements.

Changes to presentation and prior year adjustments

The prior year comparatives at 31 March 2025 have been restated as follows:

Segments

In accordance with the requirements of IFRS 8 "Operating Segments" the Group aligns its segmental disclosures with its internal reporting to the Group Executive Committee (the Chief Operating Decision Maker). The reporting of these operating segments is used to assess operating performance and to make decisions on how to allocate capital.

Segments continued

During the year to 31 March 2026, reporting to the Group Executive Committee was amended so that SSE Thermal includes Gas Storage; Energy Customer Solutions includes SSE Business Energy and SSE Airtricity; and Corporate unallocated includes the loss on the Group's joint venture investment in Neos Networks Limited (note 16). The segmental results reported within these financial statements have been restated from 1 April 2024 (note 5), which had no impact on the consolidated results of the Group in all periods presented.

Capital prepayments

Due to the long-term nature of capital projects within the Group, a greater proportion of prepayments to suppliers to secure materials and production capacity in advance are extending beyond 12 months. Under the Group's previous accounting policy, all capital prepayments were shown as current assets. However, the Group has elected to amend its accounting policy for disclosure of capital prepayments to split prepayments between current and non-current maturity. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the balance sheet for the year ended 31 March 2025 has been restated to present £247.8m of capital prepayments as non-current assets (2026 equivalent: £372.0m). This change in policy had no impact on net assets, the income statement, statement of cashflows or Alternative Performance Measures of the Group at any reporting date.

Deferred income

A prior period adjustment has been made to restate deferred income split between current and non-current maturity following incorrect classification at 31 March 2025. Deferred income due after more than one year has increased from £1,247.9m to £1,437.6m (2026 equivalent: from £1,468.6m to £1,658.7m) within non-current "Trade and other payables"; and current "Trade and other payables" has decreased from £2,897.9m to £2,708.2m at 31 March 2025 (2026 equivalent: £3,477.0m to £3,286.9m). This adjustment has no impact on retained earnings, net assets or the consolidated Alternative Performance Measures of the Group, at any reporting date.

Alternative Performance Measures – adjustment for net debt and cash attributable to non-controlling interests and related net finance costs

Where external funding is raised by SSE plc and used to fund investment in subsidiaries whose non-controlling interest holders do not contribute capital on a proportionate basis, such as SSEN Transmission, the Group has removed a proportionate share of external debt and related net finance costs to better represent the Group's underlying economic interest. This refinement represents a change to the derivation of the adjusted debt measure applied in the 31 March 2026 financial statements and comparatives at 31 March 2025 have been restated accordingly. This adjustment has no impact on reported net assets, income statement or statement of cashflows of the Group, at any reporting date. The restatement results in a decrease of Adjusted Net Debt and Hybrid Capital by £120.0m from £10,186.7m to £10,066.7m, a decrease in Adjusted Net Finance Costs from £281.0m to £274.7m, an increase in Adjusted Profit Before Tax from £2,138.2m to £2,144.5m and an increase in Adjusted Earnings per Share by 0.4 pence from 160.9 pence to 161.3 pence. There have been no other changes to the Group's APMs in the current year.

Cash flow statement

A prior year restatement has been made to present interest paid of £260.1m (2026 equivalent: £243.3m) and interest received of £155.9m (2026 equivalent: £180.8m) gross (previously presented net) in the cash flow statement in accordance with the requirements of IAS 7 "Statement of Cash Flows". This restatement had no impact on net cash from operating activities in the cash flow statement, retained earnings, net assets or the consolidated Alternative Performance Measures of the Group, at any reporting date.

2. New accounting policies and reporting changes

The principal accounting policies applied in the preparation of these financial statements are set out below and in the A1 Accompanying Information to the Financial Statements on [pages 210 to 218](#).

2.1. New standards, amendments and interpretations effective or adopted by the Group

During the year ended 31 March 2026, the Group adopted the Lack of Exchangeability amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates". Adoption of the amendment had no impact on the financial statements.

There were no other standards, amendments to standards or interpretations relevant to the Group's operations which were adopted during the year.

2.2. New standards, amendments and interpretations issued, but not yet adopted by the Group

Following adoption of IFRS 9 on 1 April 2019, the Group elected to continue to apply IAS 39 for hedge accounting. From 1 April 2026, the Group will adopt the hedge accounting requirements of IFRS 9 to align its hedge accounting more closely with the Group's risk management objectives. In the period to 31 March 2026, the Group assessed its existing IAS 39 hedging relationships and concluded that those relationships continue to meet the IFRS 9 hedge accounting criteria. These hedging relationships will be designated as continuing hedges upon adoption of IFRS 9.

The Group will apply the prospective basis of adoption as permitted by IFRS 9, whereby comparative information is not restated. The impact on the income statement is immaterial.

The Group has elected to apply the cost of hedging approach, under which certain elements of the fair value of hedging instruments (such as forward points and currency basis spread) are recognised in other comprehensive income rather than profit or loss. These amounts will be accumulated in a cost of hedge equity reserve within equity and subsequently reclassified to profit or loss in the period the hedged item affects profit or loss. On adoption, the cost of hedge reserve will be £23.5m. There is no impact on total equity as a result of this reclassification.

IFRS 18 "Presentation and Disclosure in Financial Statements" was issued in April 2024 and will be effective for accounting periods beginning on or after 1 January 2027 (1 April 2027 for the Group). The standard replaces IAS 1 "Presentation of Financial Statements". The new standard does not amend the principles of recognition and measurement and so will not impact the financial results of the Group. However, it will impact the presentation of the consolidated financial statements, in particular the consolidated income statement.

The Group is continuing to assess the full impact of adoption of the standard. However, it is expected that the consolidated income statement will be amended to include the new subtotals prescribed in the standard, and the share of profit recognised from equity accounted investments will be classified within investing activities instead of operating activities. It is expected that certain notes to the consolidated financial statements will also be amended to comply with aggregation and disaggregation principles.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" in relation to the classification and measurement of financial instruments have been issued. An additional amendment has also been made to both standards in relation to contracts referencing nature-dependent electricity. These amendments will be effective from 1 January 2026 (1 April 2026 for the Group). The amendments will not have a material impact on the Group's consolidated financial statements.

3. Adjusted accounting measures

The Group applies the use of adjusted accounting measures or Alternative Performance Measures ("APMs") throughout the Annual Report and Financial Statements. These measures enable the Directors to present the underlying performance of the Group and its segments to the users of the statements in a consistent and meaningful manner. The adjustments applied and certain terms such as Adjusted Operating Profit; Adjusted Earnings Per Share; Adjusted EBITDA; Adjusted Investment and Capital Expenditure; Adjusted Investment, Capital and Acquisition Expenditure; and Adjusted Net Debt and Hybrid Capital are not defined under IFRS and are explained in more detail below. In addition, the section Alternative Performance Measures at [page 144](#) provides further context and explanation of these terms.

3.1 Adjusted measures

The Directors assess the performance of the Group and its reportable segments based on adjusted measures. These measures are used for internal performance management and are believed to be appropriate for explaining underlying performance to users of the accounts. These measures are also deemed to be the most useful for ordinary shareholders of the Company and for other stakeholders.

The performance of the reportable segments is reported based on adjusted profit before interest and tax (Adjusted Operating Profit). This is reconciled to reported profit before interest and tax by adding back exceptional items and certain re-measurements (see [note 3.2](#) below), depreciation expense on fair value uplifts, the share of operating profit attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision and after the removal of interest and taxation on profits from equity-accounted joint ventures and associates.

The performance of the Group is reported based on Adjusted Profit Before Tax which excludes exceptional items and certain re-measurements (see [note 3.2](#) below), depreciation expense on fair value uplifts, the share of profit before tax attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision and taxation on profits from equity-accounted joint ventures and associates.

The Group also uses adjusted earnings before interest, taxation, depreciation and amortisation ("Adjusted EBITDA") as an alternative operating performance measure which acts as a management proxy for cash generated from operating activities. This does not take into account the rights and obligations that SSE has in relation to its equity-accounted joint ventures and associates. This measure excludes exceptional items and certain re-measurements (see [note 3.2](#) below), the depreciation charged on fair value uplifts, the share of EBITDA attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision, depreciation and amortisation from equity-accounted joint ventures and associates and interest and taxation on profits from equity-accounted joint ventures and associates. For the purpose of calculating the Net Debt to EBITDA metric referred at [page 23](#), Adjusted EBITDA is further adjusted to remove the proportion of adjusted EBITDA from equity-accounted joint ventures relating to off-balance sheet debt (see [note 5.1\(v\)](#)).

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

3. Adjusted accounting measures continued

3.1 Adjusted measures continued

The Group's key performance measure is Adjusted Earnings Per Share ("Adjusted EPS"), which is based on basic earnings per share before exceptional items and certain re-measurements (see [note 3.2](#) below), depreciation on fair value uplifts, adjustments to the Gas Production decommissioning provision, the removal of the interest on external debt invested in subsidiaries with a non-controlling interest and after the removal of deferred taxation and certain other taxation items. Deferred taxation is excluded from the Group's Adjusted EPS because of the Group's significant ongoing capital investment programme, which means that the deferred tax is unlikely to reverse. Adjusted profit after tax is presented on a basis consistent with Adjusted EPS except for the non-inclusion of payments to holders of hybrid equity.

The financial statements also include an Adjusted Net Debt and Hybrid Capital measure. This presents financing information on the basis used for internal liquidity risk management. This measure excludes obligations due under lease arrangements, the share of net debt attributable to non-controlling interests (including debt held at SSE plc level, which is a change in the current year), and includes cash held and posted as collateral on commodity trading exchanges, and other deposits with a maturity of more than three months. The measure represents the capital owed to investors, lenders and equity holders other than the ordinary shareholders. As with Adjusted Earnings Per Share, this measure is considered to be of relevance to the ordinary shareholders of the Group as well as other stakeholders and interested parties. The impact of the change to the definition of debt attributable to non-controlling interest holders has been to increase the adjustment for these items at 31 March 2025 from £817.9m to £937.9m and therefore reduce the Adjusted Net Debt and Hybrid Capital by £120.0m from £10,186.7m to £10,066.7m.

Finally, the financial statements include an Adjusted Investment and Capital Expenditure and an Adjusted Investment, Capital and Acquisition Expenditure measure. These metrics represent the capital invested by the Group in projects that are anticipated to provide a return on investment over future years, or which otherwise support Group operations and are consistent with internally applied metrics. They therefore include capital additions to property, plant and equipment and intangible assets and the Group's direct funding of joint venture and associates' capital projects. The Group has considered it appropriate to report these values both internally and externally in this manner due to its use of equity-accounted investment vehicles to grow the Group's asset base and to highlight where the Group is providing funding to the vehicle through either loans or equity. The Group does not include project funded capital additions in these metrics, nor does it include other capital invested in joint ventures and associates. In addition, the Group excludes additions to its property, plant and equipment funded by customer contributions, lease additions and additions to intangible assets associated with allowances and certificates. The Group also excludes the share of investment and capital expenditure attributable to non-controlling interests in controlled but not wholly owned subsidiaries. The Adjusted Investment, Capital and Acquisition Expenditure measure also includes cash consideration paid by the Group for business combinations which contribute to growth of the Group's capital asset base and are considered to be relevant to the Group's strategic objectives. As with Adjusted Earnings Per Share, these measures are considered to be of relevance to management and to the ordinary shareholders of the Group as well as to other stakeholders and interested parties.

Reconciliations from reported measures to adjusted measures along with further description of the rationale for those adjustments are included in the Alternative Performance Measures section at [pages 144 to 150](#).

Where the Group has referred to an adjusted performance measure in the financial statements the following sign is presented to denote this **APM**.

3.2 Exceptional items and certain re-measurements

Exceptional items are those charges or credits that are considered unusual by nature and/or scale and of such significance that separate disclosure is required for the financial statements to be properly understood. The trigger points for recognition of items as exceptional items will tend to be non-recurring, although exceptional charges (or credits) may impact the same asset class or segment over time.

Examples of items that may be considered exceptional include material asset, investment or business impairment charges; reversals of historic exceptional impairments; business restructuring and reorganisation costs relating to strategic change initiatives; significant realised gains or losses on disposal; unrealised fair value adjustments on acquisition or disposals; and provisions in relation to significant disputes and claims.

The Group operates a policy framework for establishing whether items should be considered exceptional. This framework, which is reviewed annually, is based on the materiality of the item, by reference to the Group's key performance measure of Adjusted Earnings Per Share. This framework estimates that any qualifying item greater than £40.0m (2025: £40.0m) will be considered exceptional, with the exception of any strategic restructuring or transformational activities or discontinued operations, which will be considered on a case-by-case basis. The only further exception to this threshold is for gains or losses on disposal, or divestment of early-stage international or offshore wind farm development projects within SSE Renewables, which are considered non-exceptional in line with the Group's strategy to generate recurring gains from developer divestments. Where a qualifying gain arises on a non-cash transaction, the gain is still treated as exceptional.

Certain re-measurements are re-measurements arising on certain commodity, interest rate and currency contracts which are accounted for as held for trading or as fair value hedges in accordance with the Group's policy for such financial instruments; re-measurements on stocks of commodities held at the balance sheet date; or movements in fair valuation of contracts for difference not designated as government grants. The amount recorded in the adjusted results for these contracts is the amount settled in the year as disclosed in [note 24.1](#).

This excludes commodity contracts not treated as financial instruments under IFRS 9 where the contracts are held for the Group's own use requirements. The fair value of these contracts is not recorded and the value associated with the contract is not recognised until the underlying commodity is delivered.

The impact of changes in corporation tax rates on deferred tax balances is also included within certain re-measurements.

3.3 Other additional disclosures

As permitted by IAS 1 "Presentation of Financial Statements", the Group's income statement discloses additional information in respect of joint ventures and associates, exceptional items and certain re-measurements to aid understanding of the Group's financial performance and to present results clearly and consistently.

4. Accounting judgements and estimation uncertainty

In the process of applying the Group's accounting policies, management is required to make judgements and estimates that will have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The Group's key accounting judgement and estimation areas are noted below, with the most significant and material financial judgement areas that are specifically considered by the Audit Committee highlighted separately.

The Group has made no changes to its material accounting judgements and identified no new areas of estimation uncertainty during the year.

4.1 Significant financial judgements and estimation uncertainties

The preparation of these financial statements has specifically considered the following significant financial judgements, some of which are also areas of estimation uncertainty as noted below.

i. Impairment testing and valuation of certain non-current assets – financial judgement and estimation uncertainty

The Group reviews the carrying amounts of its goodwill, other intangible assets, specific property, plant and equipment and investment assets to determine whether any impairments or reversal of impairments to the carrying value of those assets requires to be recorded. Where an indicator of impairment or impairment reversal exists, the recoverable amount of those assets is reassessed by reference to either value in use or fair value less cost to sell assessments. As well as its goodwill balances, the specific assets under review in the year ended 31 March 2026 are intangible development assets in Southern Europe and Japan; specific property, plant and equipment assets related to Gas Storage; specific onshore Renewables assets; and the Group's thermal power station at Great Island in Ireland. In addition, the Group performed impairment reviews over the carrying value of its equity investments in the Dogger Bank Wind Farm joint ventures; Neos Networks Limited; and Triton Power Holdings Limited.

In conducting its reviews, the Group makes judgements and estimates determining both the level of cash generating unit ("CGU") at which common assets such as goodwill are assessed against, as well as the estimates and assumptions behind the calculation of recoverable amount of the respective assets or CGUs.

Changes to the estimates and assumptions on factors such as regulation and legislation changes (including relevant climate change related regulation), power, gas, carbon and other commodity prices, volatility of gas prices, plant running regimes and load factors, discount rates and other inputs could impact the assessed recoverable value of assets and CGUs and consequently impact the Group's income statement and balance sheet.

Further detail of the calculation basis and key assumptions used in the impairment reviews, impairment test results and the sensitivity of these assessments to key assumptions is disclosed at [note 15](#). Detail on the accounting policies applied is included in the Accompanying Information [section A1](#).

ii. Retirement benefit obligations – estimation uncertainty

The Group sets its assumptions in relation to the cost of providing post-retirement benefits after consultation with qualified actuaries. While these assumptions are believed to be appropriate, a change in these assumptions would impact the level of the retirement benefit obligation recorded and the cost to the Group of administering the schemes.

Further detail of the calculation basis and key assumptions used, the resulting movements in obligations, and the sensitivity of key assumptions to the obligation is disclosed at [note 23](#).

iii. Revenue recognition – Customers unbilled supply of energy – estimation uncertainty

Revenue from energy supply activities undertaken by the Group's Energy Customer Solutions businesses includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This estimation comprises both billed revenue and unbilled revenue and is calculated based on applying the tariffs and contract rates applicable to customers against aggregated estimated customer consumption, taking account of various factors including tariffs, consumption patterns, customer mix, metering data, operational issues relating to the billings process and externally notified aggregated volumes supplied to customers from national settlements bodies.

This unbilled estimation is subject to an internal corroboration process which compares calculated unbilled volumes to a theoretical "perfect billing" benchmark measure of unbilled volumes (in GWh and millions of therms) derived from historical consumption patterns and aggregated metering data used in industry reconciliation processes. Unbilled revenue is compared to billings in the period between the balance sheet date and the finalisation of the financial statements which has provided evidence of post report date billings and hence support to the accrual recognised.

Given the requirement of management to apply judgement, the estimated revenue accrual remains a significant estimate made by management in preparing the financial statements. A change in the assumptions underpinning the unbilled calculation would have an impact on the amount of revenue recognised in any given period. The sensitivity associated with this judgement factor is disclosed at [note 18](#).

iv. Valuation of other receivables – financial judgement and estimation uncertainty

The Group holds a £100m loan note due from OVO Group Limited ("Ovo") following the disposal of SSE Energy Services on 15 January 2020. The loan is repayable in full by 31 December 2029, carries interest at 13.25% and is presented cumulative of accrued interest payments, discounted at 13.25%. At 31 March 2026, the carrying value (net of expected credit loss provision of £2.0m (2025: £1.8m)) is £220.0m (2025: £193.5m) (see [note 18](#)).

The Group has assessed recoverability of the loan note receivable and has recognised a provision for expected credit loss in accordance with the requirements of IFRS 9. The Group has taken appropriate steps to assess all available information in respect of the recoverability of the loan note. Procedures included reviewing recent financial information of Ovo and discussions with Ovo management. While the carrying value is considered to be appropriate, changes in economic conditions could lead to a change in the expected credit loss incurred by the Group in future periods. On 11 May 2026, subsequent to the balance sheet date, E.On announced the acquisition of Ovo's Retail business, subject to regulatory approval. Completion of the acquisition would result in the principal and accumulated interest becoming repayable in full. While considered a non-adjusting post balance sheet event in terms of classification, the Group has considered the transaction as part of its recoverability assessment. No changes to the recoverable value were made following announcement of the transaction.


Notes to the consolidated financial statements continued

for the year ended 31 March 2026

4. Accounting judgements and estimation uncertainty continued

4.1 Significant financial judgements and estimation uncertainties continued


v. Impact of climate change and the transition to net zero – financial judgement and estimation uncertainty

Climate change and the transition to net zero have been considered in the preparation of these financial statements. Where relevant, assumptions have been applied that are consistent to a Paris-aligned 1.5°C net zero pathway by 2050. The Group has a clearly articulated strategy to lead the UK's transition to clean power and aligns its investment plans and business activities to that strategy. These plans continue to be supported by the Group's Sustainability Financing Framework, with ten green bonds outstanding at 31 March 2026 and £2bn of export credit agency-backed facilities in place, which are classified as "Green Loans" when drawn (see [note 21](#) .

The nature and timing of future climate-related regulation, market developments and technological change are inherently uncertain and could have a material impact on the carrying values of the Group's assets and liabilities. In preparing these financial statements, the Group has considered the potential impacts of climate change and the transition to net zero in the application of accounting judgements and estimates, including the following areas:

Valuation of property, plant and equipment, and impairment assessment of goodwill

The Group's view is that flexible generation capacity, including the Group's fleet of CCGT power stations, will continue to play an essential role in maintaining the security of supply during the transition to clean power, supporting a system with increasing levels of intermittent renewable generation. Accordingly, the Group has not shortened the useful economic lives of its gas-fired-CCGTs fleet, reflecting their expected role as flexible back-up capacity over the transition period.

A significant increase in renewable generation capacity in the Group's core markets in the UK and Ireland could, in the longer term, result in periods of oversupply of electricity, potentially placing downward pressure on achievable power prices for renewable generation assets. The Group has not assessed that this constitutes an indicator of impairment at 31 March 2026, as the Group's baseline investment case models assume a centrally approved volume of new build capacity consistent with system requirements and policy objectives over the lives of the Group's existing assets. In accordance with IAS 36 "Impairment of Assets", the Group performs an annual impairment test of the goodwill balances associated with its wind generation portfolio (see [note 15.1](#) ). As part of this, sensitivities to key assumptions, including power prices, have been considered. A sensitivity analysis assuming a 10% reduction in power prices, which could arise in a market with significant new build renewable capacity, indicated that significant headroom remains relative to the carrying value of the Group's wind generating assets.

Valuation of decommissioning provisions

The Group recognises decommissioning provisions in respect of its Renewable and Thermal generation assets and retained 60% share of the decommissioning obligations relating to its disposed Gas Production business. The Group considered the impacts of climate change and the transition to clean power in estimating these provisions. Given the essential back-up role thermal generation assets are expected to play during the transition period, no change to accelerate decommissioning timelines has been assumed at 31 March 2026. Similarly, the Group does not expect changes in weather patterns or increased levels of new wind generation capacity to bring forward the decommissioning of the Group's wind farm portfolio.

The discounted share of the Gas Production provision is £191.1m (2025: £201.6m). At 31 March 2026, the impact of discounting of this retained provision is £106.5m (2025: £80.8m), which is expected to be recognised across the period to 31 March 2044. If the decommissioning activity was accelerated due to changes in legislation, the costs of unwinding the discounting of the provision would be recognised earlier.

Defined benefit scheme assets

The Group holds defined benefit pension scheme assets at 31 March 2026 which could be impacted by climate-related risks. The trustees of the schemes have a long-term investment strategy that seeks to reduce investment risk as and when appropriate and takes into consideration the impact of climate-related risk.

Going Concern and viability statement

The implications of near-term climate-related risks have been considered in the Group's Going Concern assessment and viability statement assessment.

4.2 Accounting judgements and estimation uncertainties – changes from prior year


There were no changes to accounting judgements and estimation uncertainties during the year.

4.3 Other areas of estimation uncertainty

Decommissioning costs

The calculation of the Group's decommissioning provisions involves the estimation of quantum and timing of cash flows to settle the obligation. The Group engages independent valuation experts to estimate the cost of decommissioning its Renewable, Thermal and Gas Storage assets every three years based on current technology and prices. The last independent assessment for the majority of the Group's Renewable and Thermal generation assets was performed in the prior year to 31 March 2025. The last formal assessment for Gas Storage assets was performed in the year to 31 March 2026. Retained decommissioning costs in relation to the disposed Gas Production business are periodically agreed with the field operators and reflect the latest expected economic production lives of the fields.

The dates for settlement of future decommissioning costs are uncertain, particularly for the disposed Gas Production business where reassessment of gas and liquids reserves and fluctuations in commodity prices can lengthen or shorten the field life.

Further detail on the assumptions applied, including expected decommissioning dates, and movement in decommissioning costs during the year are disclosed at [note 20](#) .

5. Segmental information

IFRS 8 requires operating segments to be identified based on the Group's internal reporting to its Chief Operating Decision Maker to assess operating performance and to make decisions on how to allocate capital. The Group's Chief Operating Decision Maker has been identified as the Group Executive Committee. The changes to the Group's segments in the year are explained in [note 1.2](#) and reflect how operating performance is reported to the Group Executive Committee for SSE Thermal (previously reported as SSE Thermal and Gas Storage) and Energy Customer Solutions (previously reported as SSE Business Energy and SSE Airtricity). Comparative information has been re-presented to reflect the change to these segments. The Group's Corporate unallocated segment is the Group's residual corporate central costs which are not allocated to individual segments and includes the contribution from its Enerveo business and the Group's joint venture investment in Neos Networks Limited – neither of which are reported separately to the Group Executive Committee.

The types of products and services from which each reportable segment derives its revenues are:

Business Area	Reported Segments	Description
Transmission	SSEN Transmission	The economically regulated high voltage transmission of electricity from generating plant in the North of Scotland to the distribution network or to interconnected transmission networks. Revenue earned from constructing, maintaining and renovating the transmission network is determined in accordance with the regulatory licence, based on an Ofgem approved revenue model and is recognised as charged to National Grid. The revenue earned from other transmission services such as generator plant connections is recognised in line with delivery of that service over the expected contractual period and at the contracted rate. On 25 November 2022 the Group sold a 25.0% non-controlling interest in this business to the Ontario Teachers' Pension Plan.
Distribution	SSEN Distribution	The economically regulated lower voltage distribution of electricity to customer premises in the North of Scotland and the South of England. Revenue earned from delivery of electricity supply to customers is recognised based on the volume of electricity distributed to those customers and the set customer tariff. The revenue earned from other distribution services such as domestic customer connections is recognised in line with delivery of that service over the expected contractual period and at the contracted rate.
Renewables	SSE Renewables	The generation of electricity from renewable sources, such as onshore and offshore wind farms and run of river and pumped storage hydro assets primarily in the UK and Ireland, and the optimisation and trading of Battery Energy Storage Systems capacity. This segment also includes the development of wind assets in Japan and The Netherlands; solar assets in Poland; and the development of wind, solar and battery opportunities in the UK and Southern European markets including Spain, Italy, France and Greece. Revenue from physical generation of electricity in Great Britain is sold to SSE Energy Markets and in Ireland is sold to the Airtricity business in Energy Customer Solutions and is recognised as generated, based on the contracted or market price at the time of delivery. Revenue from national support schemes (such as Renewable Obligation Certificates or the Capacity Market in Great Britain or REFIT in Ireland) may either be recognised in line with electricity being physically generated or over the contractual period, depending on the underlying performance obligation.
SSE Thermal	SSE Thermal	The generation of electricity from flexible generation plants including CCGTs in the UK and Ireland and the Group's interests in multifuel assets in the UK. Revenue from physical generation of electricity in Great Britain and Ireland is sold to SSE Energy Markets and is recognised as generated, based on the contract or spot price at the time of delivery. Revenue from support schemes (such as Capacity Market) and ancillary generation services may either be recognised in line with electricity being physically generated or over the contractual period, depending on the underlying performance obligation. The operation of Gas Storage facilities in Great Britain, which utilise capacity to optimise trading opportunity associated with the assets. Contribution arising from trading activities is recognised as realised based on executed trades or the withdrawal of gas from caverns. Following the change in segmental reporting noted at note 1.2 , SSE Thermal comprises the Group's Thermal Generation and Gas Storage activities which were previously reported separately.
Energy Customer Solutions	Energy Customer Solutions	The supply of electricity and gas to business customers in Great Britain and the supply of electricity, gas and energy related services to residential and business customers in the Republic of Ireland and Northern Ireland. Activities also include low carbon solutions activity; behind-the-meter funded solar and battery solutions; equity investment in the Source EV joint venture; private electric networks and heat network activities. Revenue earned from the supply of energy is recognised in line with the volume delivered to the customer, based on actual and estimated volumes, and reflecting the applicable customer tariff after deductions or discounts and revenue earned from energy related services may either be recognised over the expected contractual period or following performance of the service, depending on the underlying performance obligation. Following the change in segmental reporting noted at note 1.2 , Energy Customer Solutions comprises the Group's SSE Business Energy and SSE Airtricity activities which were previously reported separately.
SSE Energy Markets	SSE Energy Markets	The provision of a route to market for the Group's Renewable and Thermal generation businesses and commodity procurement for the Group's energy supply businesses and proprietary trading in line with the Group's stated hedging and risk management policies. Revenue from physical sales of electricity, gas and other commodities is recognised as supplied to either the national settlements body or the customer, based on either the spot price at the time of delivery or trade price where that trade is eligible for "own use" designation. The sale of commodity optimisation trades is presented net in cost of sales alongside purchase commodity optimisation trades.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

5. Segmental information continued

As referred to in note 3, the internal measure of profit reported to the Group Executive Committee is Adjusted Profit Before Interest and Tax or Adjusted Operating Profit which is arrived at before exceptional items, the impact of financial instruments measured under IFRS 9, share of profits attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision, the impact of depreciation on fair value uplifts and after the removal of taxation and interest on profits from joint ventures and associates.

Analysis of revenue, operating profit, capital expenditure and earnings before interest, taxation, depreciation and amortisation ("EBITDA") by segment is provided on the following pages. Revenue and profit before taxation arise primarily from operations within the UK and Ireland.

5.1 Segmental information disclosure

(i) Revenue by segment

	Reported revenue 2026 £m	Inter-segment revenue ⁽ⁱ⁾ 2026 £m	Segment revenue 2026 £m	(restated ⁽ⁱⁱ⁾)		
				Reported revenue 2025 £m	Inter-segment revenue ⁽ⁱ⁾ 2025 £m	Segment revenue 2025 £m
SSEN Transmission	1,210.3	–	1,210.3	807.0	–	807.0
SSEN Distribution	1,116.5	38.6	1,155.1	1,513.6	66.9	1,580.5
SSE Renewables	412.0	1,167.6	1,579.6	354.9	1,243.8	1,598.7
SSE Thermal ⁽ⁱⁱⁱ⁾	669.8	4,417.9	5,087.7	650.6	4,556.7	5,207.3
Energy Customer Solutions ⁽ⁱⁱⁱ⁾	4,704.7	196.5	4,901.2	4,601.5	239.3	4,840.8
<i>SSE Energy Markets:</i>						
<i>Gross trading</i>	18,732.1	5,729.1	24,461.2	16,542.4	6,074.6	22,617.0
<i>Optimisation trades</i>	(16,797.0)	(192.8)	(16,989.8)	(14,547.0)	36.8	(14,510.2)
SSE Energy Markets	1,935.1	5,536.3	7,471.4	1,995.4	6,111.4	8,106.8
Corporate unallocated	138.1	347.4	485.5	208.9	294.5	503.4
Total SSE Group	10,186.5	11,704.3	21,890.8	10,131.9	12,512.6	22,644.5

(i) Significant inter-segment revenue is derived from the sale of power and stored gas from SSE Renewables and SSE Thermal to SSE Energy Markets; use of system income received by SSEN Distribution from Energy Customer Solutions; Energy Customer Solutions provides internal heat and light power supplies to other Group companies; SSE Energy Markets provides power, gas and other commodities to Energy Customer Solutions; and Corporate unallocated provides corporate and infrastructure services to all segments as well as third parties. All are provided at arm's length.

(ii) The comparative segment revenue has been restated to combine Gas Storage (2025: £17.6m) and SSE Thermal (2025: £633.0m) into SSE Thermal (2025: £650.6m) and SSE Business Energy (2025: £2,692.4m) and SSE Airtricity (2025: £1,909.1m) into Energy Customer Solutions (2025: £4,601.5m).

Disaggregation of revenue

Revenue from contracts with customers can be disaggregated by reported segment, by major service lines and by timing of revenue recognition as follows:

	Revenue from contracts with customers										
	Goods or services transferred over time				Goods or services transferred at a point in time				Total revenue from contracts with customers 2026 £m	Other contract revenue 2026 £m	Total 2026 £m
	Use of electricity networks 2026 £m	Supply of energy and ancillary services 2026 £m	Construction related services 2026 £m	Other contracted services 2026 £m	Physical energy 2026 £m	Gas storage 2026 £m	Other revenue 2026 £m				
SSEN Transmission	1,184.9	–	–	21.3	–	–	4.1	1,210.3	–	1,210.3	
SSEN Distribution	1,040.6	–	–	18.3	–	–	32.4	1,091.3	25.2	1,116.5	
SSE Renewables	–	126.3	–	103.4	179.7	–	2.6	412.0	–	412.0	
SSE Thermal	22.7	604.8	2.8	6.2	–	15.6	16.1	668.2	1.6	669.8	
Energy Customer Solutions	2.9	4,626.0	–	–	–	–	75.6	4,704.5	0.2	4,704.7	
SSE Energy Markets	–	–	–	–	1,624.3	–	310.8	1,935.1	–	1,935.1	
Corporate unallocated	–	–	–	122.5	–	–	14.4	136.9	1.2	138.1	
Total SSE Group	2,251.1	5,357.1	2.8	271.7	1,804.0	15.6	456.0	10,158.3	28.2	10,186.5	

	(restated ⁽ⁱ⁾)										
	Revenue from contracts with customers										
	Goods or services transferred over time				Goods or services transferred at a point in time				Total revenue from contracts with customers	Other contract revenue	Total
	Use of electricity networks	Supply of energy and ancillary services	Construction related services	Other contracted services	Physical energy	Gas storage	Other revenue	customers			
2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
SSEN Transmission	783.0	–	–	21.4	–	–	2.6	807.0	–	807.0	
SSEN Distribution	1,423.0	–	–	15.4	–	–	21.7	1,460.1	53.5	1,513.6	
SSE Renewables	–	97.1	–	121.1	134.4	–	2.3	354.9	–	354.9	
SSE Thermal ⁽ⁱ⁾	21.1	583.3	2.8	5.6	–	17.6	11.6	642.0	8.6	650.6	
Energy Customer Solutions ⁽ⁱ⁾	1.8	4,550.6	0.4	–	–	–	37.4	4,590.2	11.3	4,601.5	
SSE Energy Markets	–	–	–	–	1,815.1	–	180.3	1,995.4	–	1,995.4	
Corporate unallocated	–	–	–	187.1	–	–	21.8	208.9	–	208.9	
Total SSE Group	2,228.9	5,231.0	3.2	350.6	1,949.5	17.6	277.7	10,058.5	73.4	10,131.9	

(i) The comparative has been restated to combine disaggregation of revenue of Gas Storage (2025: £17.6m) and SSE Thermal (2025: £633.0m) into SSE Thermal (2025: £650.6m) and SSE Business Energy (2025: £2,692.4m) and SSE Airtricity (2025: £1,909.1m) into Energy Customer Solutions (2025: £4,601.5m).

Included within trade and other receivables (note 18) is £547.2m (2025: £521.1m) of unbilled energy income. Included within trade and other payables (note 19) is £345.0m (2025: £292.2m) of contract related liabilities. Contract related assets reflect the Group's right to consideration in exchange for goods or services that have transferred to the customer, and contract related liabilities reflect the Group's obligation to transfer future goods or services for which the Group has already received consideration.

The Group has not disclosed information related to the transaction price allocated to remaining performance obligations on the basis that the Group's contracts either have an original expected duration of less than one year, or permit the Group to recognise revenue as invoiced.

Revenue by geographical location is as follows:

	2026 £m	2025 £m
UK	7,942.9	8,490.3
Ireland	2,237.8	1,641.6
Southern Europe	5.8	–
	10,186.5	10,131.9

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

5. Segmental information continued

5.1 Segmental information disclosure continued

(ii) Operating profit/(loss) by segment

	2026							
	Adjusted operating profit/(loss) reported to the Board APM £m	Depreciation expense on fair value uplifts £m	Joint venture/ associate share of interest and tax £m	Adjustments to Gas Production decommissioning provision £m	Non-controlling interests £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
SSEN Transmission	562.6	–	–	–	187.5	750.1	–	750.1
SSEN Distribution	335.3	–	–	–	–	335.3	(38.4)	296.9
SSE Renewables	1,076.4	(19.6)	(187.9)	–	(0.3)	868.6	(143.3)	725.3
SSE Thermal	195.4	(0.7)	(19.2)	–	–	175.5	67.5	243.0
Energy Customer Solutions	136.9	–	0.7	–	–	137.6	(1.4)	136.2
SSE Energy Markets	43.2	–	–	–	–	43.2	(189.0)	(145.8)
Corporate unallocated	(113.2)	–	(0.5)	12.6	–	(101.1)	(15.7)	(116.8)
Total SSE Group	2,236.6	(20.3)	(206.9)	12.6	187.2	2,209.2	(320.3)	1,888.9

The Adjusted Operating Profit of the Group is reported after removal of the Group's share of interest, fair value movements on operating derivatives, the depreciation charged on fair value uplifts and tax from joint ventures and associates, adjustments to the Gas Production decommissioning provision, operating profit from non-controlling interests and after adjusting for exceptional items and certain re-measurements (note 7 [7](#)).

The Group's share of operating profit from joint ventures and associates has been recognised in the SSE Renewables, SSE Thermal, Energy Customer Solutions and Corporate segments.

	2025 (restated ⁽ⁱ⁾)							
	Adjusted operating profit reported to the Board APM £m	Depreciation expense on fair value uplifts £m	Joint venture/ associate share of interest and tax £m	Adjustments to Gas Production decommissioning provision £m	Non-controlling interests £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
SSEN Transmission	322.5	–	–	–	107.5	430.0	–	430.0
SSEN Distribution	736.0	–	–	–	–	736.0	–	736.0
SSE Renewables	1,038.8	(19.7)	(155.3)	–	(0.8)	863.0	(245.4)	617.6
SSE Thermal ⁽ⁱ⁾	211.4	(0.4)	(6.0)	–	–	205.0	(9.7)	195.3
Energy Customer Solutions ⁽ⁱ⁾	192.1	–	(0.9)	–	–	191.2	(2.0)	189.2
SSE Energy Markets	30.0	–	–	–	–	30.0	(72.9)	(42.9)
Corporate unallocated ⁽ⁱ⁾	(111.6)	–	(11.1)	17.9	–	(104.8)	(58.2)	(163.0)
Total SSE Group	2,419.2	(20.1)	(173.3)	17.9	106.7	2,350.4	(388.2)	1,962.2

(i) The comparative operating profit/(loss) by segment information has been restated to aggregate the adjusted operating result of Gas Storage (2025: £37.1m loss) and SSE Thermal (2025: £248.5m) into SSE Thermal (2025: £211.4m), SSE Business Energy (2025: £32.7m) and SSE Airtricity (2025: £159.4m) into Energy Customer Solutions (2025: £192.1m) and Neos Networks (2025: £22.2m loss) into Corporate unallocated. The reported operating profit by segment has been similarly restated to aggregate Gas Storage (2025: £45.5m loss) and SSE Thermal (2025: £240.8m) into SSE Thermal (2025: £195.3m), SSE Business Energy (2025: £32.2m) and SSE Airtricity (2025: £157.0m) into Energy Customer Solutions (2025: £189.2m) and Neos Networks (2025: £33.3m loss) into Corporate unallocated.

(iii) Capital and investment expenditure by segment

	Capital additions to intangible assets 2026 £m	Capital additions to property, plant and equipment 2026 £m	Capital additions to intangible assets 2025 £m (restated ⁽ⁱ⁾)	Capital additions to property, plant and equipment 2025 £m (restated ⁽ⁱ⁾)
SSEN Transmission	31.1	2,272.9	20.3	1,253.8
SSEN Distribution	39.8	1,012.3	35.8	743.9
SSE Renewables	165.0	408.0	291.3	545.8
SSE Thermal ⁽ⁱ⁾	43.7	186.0	56.9	139.3
Energy Customer Solutions ⁽ⁱ⁾	27.9	11.5	36.0	33.5
SSE Energy Markets	484.5	–	585.1	–
Corporate unallocated	5.2	92.8	20.1	75.2
Total SSE Group	797.2	3,983.5	1,045.5	2,791.5
Increase in prepayments related to capital expenditure	–	468.1	–	254.9
Government funded additions	–	41.7	–	55.7
Decrease/(increase) in trade payables related to capital expenditure	–	3.8	–	(122.8)
Customer or third party funded additions	–	(215.7)	–	(163.4)
Lease asset additions	–	(93.3)	–	(126.7)
Less non-cash items:				
Allowances and certificates	(235.9)	–	(335.7)	–
Property, plant and equipment	–	(41.1)	–	–
Net cash outflow	561.3	4,147.0	709.8	2,689.2

⁽ⁱ⁾ The comparatives have been restated to aggregate capital additions to intangible assets of SSE Business Energy (2025: £28.9m) and SSE Airtricity (2025: £7.1m) into Energy Customer Solutions (2025: £36.0m) and capital additions to property, plant and equipment of Gas Storage (2025: £0.7m) and SSE Thermal (2025: £138.6m) into SSE Thermal (2025: £139.3m).

Capital additions do not include assets acquired in acquisitions, assets acquired under leases or assets constructed that the Group were reimbursed by way of a government grant. During the year the Group received reimbursements totalling £41.7m (2025: £55.7m) from government bodies relating to construction of a temporary generation plant at the Group's Tarbert site, which have been presented separately on the cashflow statement. Capital additions to intangible assets includes the cash purchase of emissions allowances and certificates (2026: £264.7m; 2025: £268.0m). These purchases are presented in the cash flow statement within operating activities as they relate to the obligation to surrender the allowances and certificates in line with operating volumes of emissions. Other non-cash additions comprise self-generated renewable obligation certificates and asset additions from the acquisition of a further 50% equity interest in Lenalea Wind Farm DAC, since the acquisition is shown separately in the cashflow statement.

No segmental analysis of assets is required to be disclosed as this information is not presented to the Group Executive Committee.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

5. Segmental information continued

5.1 Segmental information disclosure continued

(iii) Capital and investment expenditure by segment continued

At 31 March 2026	Capital additions to intangible assets 2026 £m	Capital additions to property, plant and equipment 2026 £m	Capital investment relating to joint ventures and associates ⁽ⁱ⁾ £m	Allowances and certificates ⁽ⁱⁱ⁾ £m	Customer funded additions ⁽ⁱⁱⁱ⁾ £m	Lease asset additions ^(iv) £m	Share of non-controlling interests ^(v) £m	Adjusted Investment and Capital Expenditure 2026 APM £m
SSEN Transmission	31.1	2,272.9	–	–	–	(13.9)	(572.5)	1,717.6
SSEN Distribution	39.8	1,012.3	–	–	(199.9)	(0.4)	–	851.8
SSE Renewables	165.0	408.0	183.5	–	–	(15.5)	(2.0)	739.0
SSE Thermal	43.7	186.0	–	(16.7)	(15.3)	(0.2)	–	197.5
Energy Customer Solutions	27.9	11.5	5.5	(9.6)	(0.5)	–	–	34.8
SSE Energy Markets	484.5	–	–	(474.3)	–	–	–	10.2
Corporate unallocated	5.2	92.8	–	–	–	(63.3)	–	34.7
Total SSE Group	797.2	3,983.5	189.0	(500.6)	(215.7)	(93.3)	(574.5)	3,585.6

(i) Represents equity or debt funding provided to joint ventures or associates in relation to capital expenditure projects.

(ii) Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates and are not included in the Group's Capital Expenditure and Investment alternative performance measure.

(iii) Represents removal of additions to electricity and other networks funded by customer or third party contributions.

(iv) Represents removal of additions in respect of right of use assets recognised on the commencement date of a lease arrangement.

(v) Represents the share of capital additions attributable to non-controlling interests.

(restated⁽ⁱ⁾)

At 31 March 2025	Capital additions to intangible assets 2025 £m	Capital additions to property, plant and equipment 2025 £m	Capital investment relating to joint ventures and associates £m	Allowances and certificates £m	Customer funded additions £m	Lease asset additions £m	Share of non-controlling interests £m	Adjusted Investment and Capital Expenditure 2025 APM £m
SSEN Transmission	20.3	1,253.8	–	–	–	(2.8)	(317.8)	953.5
SSEN Distribution	35.8	743.9	–	–	(143.3)	(0.6)	–	635.8
SSE Renewables	291.3	545.8	227.8	–	–	(60.1)	(3.0)	1,001.8
SSE Thermal ⁽ⁱ⁾	56.9	139.3	31.3	(27.3)	(16.2)	(0.2)	–	183.8
Energy Customer Solutions ⁽ⁱ⁾	36.0	33.5	15.1	–	(3.9)	(0.7)	–	80.0
SSE Energy Markets	585.1	–	–	(576.4)	–	–	–	8.7
Corporate unallocated	20.1	75.2	13.8	–	–	(62.3)	–	46.8
Total SSE Group	1,045.5	2,791.5	288.0	(603.7)	(163.4)	(126.7)	(320.8)	2,910.4

⁽ⁱ⁾ The comparatives have been restated, as noted above for the capital additions to intangible assets and capital additions to property plant and equipment.

(iv) Items included in operating profit/(loss) by segment

	Depreciation/impairment on property, plant and equipment			Amortisation/impairment of intangible assets		
	Before exceptional charges 2026 £m	Exceptional charges/(credits) 2026 £m	Total 2026 £m	Before exceptional charges 2026 £m	Exceptional charges 2026 £m	Total 2026 £m
	SSEN Transmission	178.6	–	178.6	11.7	–
SSEN Distribution	220.4	–	220.4	15.7	–	15.7
SSE Renewables	199.7	155.8	355.5	16.4	–	16.4
SSE Thermal	86.2	(48.5)	37.7	2.8	4.2	7.0
Energy Customer Solutions	2.8	–	2.8	36.3	–	36.3
SSE Energy Markets	–	–	–	9.2	–	9.2
Corporate unallocated	68.7	–	68.7	30.8	–	30.8
Total SSE Group	756.4	107.3	863.7	122.9	4.2	127.1

	(restated ⁽ⁱ⁾)					
	Depreciation/impairment on property, plant and equipment			Amortisation/impairment of intangible assets		
	Before exceptional charges 2025 £m	Exceptional charges 2025 £m	Total 2025 £m	Before exceptional charges 2025 £m	Exceptional charges 2025 £m	Total 2025 £m
SSEN Transmission	142.8	–	142.8	8.3	–	8.3
SSEN Distribution	199.3	–	199.3	14.9	–	14.9
SSE Renewables	184.1	–	184.1	18.6	249.5	268.1
SSE Thermal ⁽ⁱ⁾	88.4	–	88.4	2.0	–	2.0
Energy Customer Solutions ⁽ⁱ⁾	3.1	0.5	3.6	29.1	–	29.1
SSE Energy Markets	–	–	–	6.8	–	6.8
Corporate unallocated	49.6	6.7	56.3	29.1	24.3	53.4
Total SSE Group	667.3	7.2	674.5	108.8	273.8	382.6

⁽ⁱ⁾ The comparatives have been restated to combine Gas Storage and SSE Thermal into SSE Thermal and SSE Airtricity and SSE Business Energy into Energy Customer Solutions.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

5. Segmental information continued

5.1 Segmental information disclosure continued

(v) Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

	Adjusted operating profit/(loss) reported to the Board (note 5.1(ii)) APM 2026 £m	Depreciation expense on fair value uplifts 2026 £m	Depreciation/impairment/amortisation before exceptional charges (note 5.1(iv)) 2026 £m	Joint venture/associate share of depreciation and amortisation (note 16.4) 2026 £m	Release of deferred income (note 6) 2026 £m	Share of non-controlling interest depreciation and amortisation 2026 £m	Adjusted EBITDA APM 2026 £m
SSEN Transmission	562.6	–	190.3	–	(2.4)	(47.6)	702.9
SSEN Distribution	335.3	–	236.1	–	(9.3)	–	562.1
SSE Renewables	1,076.4	(19.6)	216.1	137.0	(0.1)	–	1,409.8
SSE Thermal	195.4	(0.7)	89.0	34.8	–	–	318.5
Energy Customer Solutions	136.9	–	39.1	1.2	(0.8)	–	176.4
SSE Energy Markets	43.2	–	9.2	–	–	–	52.4
Corporate unallocated	(113.2)	–	99.5	–	(0.5)	–	(14.2)
Total SSE Group	2,236.6	(20.3)	879.3	173.0	(13.1)	(47.6)	3,207.9

Note that the Group's Net Debt to EBITDA metric is derived after removing the proportionate EBITDA from Beatrice, Seagreen and Dogger Bank A debt-financed joint ventures. This adjustment is £157.4m (2025: £153.3m) resulting in EBITDA for inclusion in the Net Debt to EBITDA metric of £3,050.5m (2025: £3,196.0m).

For 31 March 2026 the £879.3m (2025: £776.1m) combined depreciation, impairment and amortisation charges included non-exceptional impairments net of reversals totalling £12.7m (2025: £20.7m).

	Adjusted operating profit/(loss) reported to the Board (note 5.1(ii)) APM 2025 £m	Depreciation expense on fair value uplifts 2025 £m	Depreciation/impairment/amortisation before exceptional charges (note 5.1(iv)) 2025 £m	Joint venture/associate share of depreciation and amortisation (note 16.4) 2025 £m	Release of deferred income (note 6) 2025 £m	Share of non-controlling interest depreciation and amortisation 2025 £m	Adjusted EBITDA APM 2025 £m
SSEN Transmission	322.5	–	151.1	–	(2.3)	(37.8)	433.5
SSEN Distribution	736.0	–	214.2	–	(10.8)	–	939.4
SSE Renewables	1,038.8	(19.7)	202.7	132.5	–	–	1,354.3
SSE Thermal ⁽ⁱ⁾	211.4	(0.4)	90.4	42.9	–	–	344.3
Energy Customer Solutions ⁽ⁱ⁾	192.1	–	32.2	1.3	(0.5)	–	225.1
SSE Energy Markets	30.0	–	6.8	–	–	–	36.8
Corporate unallocated ⁽ⁱ⁾	(111.6)	–	78.7	49.3	(0.5)	–	15.9
Total SSE Group	2,419.2	(20.1)	776.1	226.0	(14.1)	(37.8)	3,349.3

⁽ⁱ⁾ The comparatives have been restated to combine the adjusted EBITDA of Gas Storage (2025: £36.3m loss) and SSE Thermal (2025: £380.6m) into SSE Thermal (2025: £344.3m); SSE Business Energy (2025: £58.2m) and SSE Airtricity (2025: £166.9m) into Energy Customer Solutions (2025: £225.1m); and Neos Networks (2025: £27.1m) and Corporate unallocated (2025: £11.2m (loss)) into Corporate unallocated (2025: £15.9m).

6. Other operating income and cost

Group operating profit is stated after charging/(crediting) the following items:

	2026 £m	2025 £m
Depreciation of property, plant and equipment ⁽ⁱ⁾ (note 14)	753.0	665.6
Exceptional charges (note 7)	162.6	309.7
Research costs	17.7	17.2
Lease charges ⁽ⁱⁱ⁾	14.0	14.3
Release of deferred income in relation to capital grants and historic customer contributions	(13.1)	(14.1)
Government grant income ⁽ⁱⁱⁱ⁾	–	(59.3)
Gain on disposals (non-exceptional) ^(iv)	(7.3)	(47.9)

(i) Does not include exceptional impairment charges.

(ii) Represents the expense of leases with a duration of twelve months or less and leases for assets which are deemed "low value" under the principles of IFRS 16. In addition, variable lease payments, which are not included within the measurement of lease liabilities as they do not depend on an index or rate, of £17.8m (2025: £9.8m) were charged in the current year.

(iii) During the prior year the Group received £59.3m of income from government funded customer support schemes. All amounts received were passed to the Group's energy customers in the UK and Republic of Ireland. Amounts received were classed as other operating income in line with the Group's accounting policies for government grants.

(iv) There were no significant gains recognised on disposals in the current year (2025: £47.9m gain relating to £38.8m from the sale of land at Ferrybridge, £7.4m from the sale of the gas metering business and £1.7m from investments in associates).

Auditor's remuneration

	2026 £m	2025 £m
Audit of these financial statements	0.4	0.4
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	5.7	5.3
Audit related assurance services	0.4	0.3
Other services fees	0.4	0.3
	6.5	5.9
Total remuneration paid to auditor	6.9	6.3

Audit fees incurred in the current year include scope changes for non-recurring items and overruns of £0.7m (2025: £0.8m) related to the prior year audit. Assurance and other service fees incurred in the year were £0.8m (2025: £0.6m). Audit related assurance services include fees incurred in relation to regulatory accounts and returns required by Ofgem, comfort letters in connection with funding and debt issuance and ESG assurance. A description of the work of the Audit Committee is set out on [pages 102 to 109](#) and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

Notes to the consolidated financial statements continued
for the year ended 31 March 2026

7. Exceptional items and certain re-measurements

	2026 £m	2025 £m
Exceptional items (note 7.1)		
Asset impairments and reversals	(99.7)	(293.6)
Provisions for restructuring and other liabilities	(62.9)	(16.1)
Net gains on disposals of businesses and other assets	–	0.3
Total exceptional items	(162.6)	(309.4)
Certain re-measurements (note 7.2)		
Movement on operating derivatives (note 24)	(152.0)	(49.0)
Movement in fair value of commodity stocks	10.4	(8.4)
Movement on financing derivatives (note 24)	17.9	12.8
Share of movement on derivatives in jointly controlled entities (net of tax)	(16.1)	(21.1)
Total certain re-measurements	(139.8)	(65.7)
Exceptional items and certain re-measurements before taxation	(302.4)	(375.1)
Taxation		
Taxation on other exceptional items	39.6	29.7
Taxation on certain re-measurements	16.9	4.0
Total taxation on exceptional items and certain re-measurements	56.5	33.7
Total exceptional items and certain re-measurements after taxation	(245.9)	(341.4)

Exceptional items and certain re-measurements are disclosed across the following categories within the income statement:

	2026 £m	2025 £m
Cost of sales:		
Movement on operating derivatives (note 24)	(152.0)	(49.0)
Movement in fair value of commodity stocks	10.4	(8.4)
	(141.6)	(57.4)
Operating costs:		
Asset impairments and reversals	(99.7)	(293.6)
Exceptional restructuring provisions and other liabilities	(62.9)	(16.1)
	(162.6)	(309.7)
Joint ventures and associates:		
Share of movement on derivatives in jointly controlled entities (net of tax)	(16.1)	(21.1)
Operating loss	(320.3)	(388.2)
Finance income		
Movement on financing derivatives (note 24)	17.9	12.8
Interest income on deferred consideration receipt	–	0.3
	17.9	13.1
Loss before tax	(302.4)	(375.1)

7.1 Exceptional items

Exceptional items in the year ended 31 March 2026

In the year to 31 March 2026, the Group recognised a pre-tax exceptional charge of £162.6m (2025: £309.4m), which is primarily due to exceptional pre-tax impairment charges totalling £155.8m relating to the Group's onshore wind farms at Strathy South (£96.0m) and Aberarder (£59.8m); and exceptional Group restructuring costs of £84.7m (including £21.8m of asset impairments). These exceptional costs are partially offset by exceptional pre-tax impairment reversals totalling £77.9m relating to the Group's gas storage assets (£48.5m) and joint venture investment in Triton Power Holdings Limited ("Triton") (£29.4m).

The net exceptional (charges)/credits recognised can be summarised as follows:

	Intangible assets (note 13) £m	Property, plant and equipment (note 14) £m	Joint venture investments (note 16) £m	Other assets/ (liabilities) £m	Net (charges) and credits £m
Renewables – impairment charges (i)	–	(155.8)	–	–	(155.8)
Gas Storage – impairment reversal (ii)	–	48.5	–	–	48.5
Triton Power 50% joint venture – investment impairment reversal (iii)	–	–	29.4	–	29.4
Restructuring costs (iv)	(4.2)	–	(17.6)	(62.9)	(84.7)
Total exceptional items	(4.2)	(107.3)	11.8	(62.9)	(162.6)

i) Renewables – impairment charges

The Group performed formal impairment reviews over the carrying value of its mid-construction onshore wind farm developments at Strathy South and Aberarder (see [note 15.2](#)) following grid connection delays notified during the year. As a result of these assessments, the Group recognised exceptional impairment charges of £96.0m to Strathy South and £59.8m to the carrying value of Aberarder.

ii) Gas Storage – impairment reversal

At 31 March 2026, the Group performed a formal impairment review of the carrying value of its operational Gas Storage assets due to global commodity market volatility in the period prior to the Group's balance sheet date (see [note 15.2](#)). As a result of the assessment, the Group recognised an exceptional impairment reversal of £48.5m to the carrying value of the Group's Gas Storage assets.

iii) Triton Power 50% joint venture – investment impairment reversal

The Group recognised an impairment reversal of £29.4m against the carrying value of the Group's investment in Triton Power Holdings Limited, following updates to projected running schedules and future market price assumptions (see [note 15.2](#)).

iv) Restructuring costs

During the year the Group continued its Group Operating Model and Efficiency Review and related restructuring programmes, resulting in the recognition of exceptional restructuring costs totalling £84.7m. Costs recognised during the year included the impairment of £21.8m of standalone hydrogen production development projects and joint venture investments in SSE Thermal; consultancy fees of £22.0m; £20.9m of IT customisation and integration charges; and £20.0m of redundancy costs. While the wider Group Operating Model and Efficiency Review is now largely complete, the Group will continue to incur exceptional restructuring costs related to the ongoing transformation of SSEN Distribution, which is expected to continue into the 31 March 2028 financial year.

Exceptional items in the year ended 31 March 2025

i) Southern Europe goodwill and development assets – impairment charge

The Group recognised a pre-tax impairment charge of £249.5m against the carrying value of its Southern Europe goodwill and intangible assets, offset by the release of a deferred tax liability of £23.2m.

ii) Restructuring costs

Costs of £46.7m in relation to the Group Operating Model and Efficiency Review were recognised during the year ended 31 March 2025. The costs included the impairment of £19.8m of goodwill associated with The Energy Solutions Group Limited; the impairment of £11.1m of stranded IT assets; and £13.8m of redundancy costs.

In addition, the Group recognised further exceptional charges of £13.5m in relation to the ongoing disposal of its non-core Enerveo subsidiary.

iii) Other credits

The Group recognised a final exceptional credit of £0.3m relating to the unwind of discounting on deferred consideration recognised on the part disposal of SSE Slough Multifuel Limited in the year ending 31 March 2021.

Taxation

The Group has separately recognised the tax effect of the exceptional items summarised above.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

7. Exceptional items and certain re-measurements continued

7.2 Certain re-measurements

The Group, through its SSE Energy Markets business, enters into forward commodity purchase (and sales) contracts to

- meet the future demand requirements of its Energy Customer Solutions businesses,
- optimise the value of its SSE Renewables and SSE Thermal power generation assets, or
- conduct trading subject to the value at risk limits set out by the Energy Markets Risk Committee.

Certain of these contracts (predominately power, gas and other commodity purchase contracts) are determined to be derivative financial instruments under IFRS 9 "Financial Instruments" and therefore are required to be recorded at their fair value. Conversely, commodity contracts that are not financial instruments under IFRS 9 (predominately electricity sales contracts) are accounted for as "own use" contracts and are not recorded at fair value. Inventory held by the SSE Thermal business for optimisation and trading purposes is measured at fair value, with changes in value recognised within "certain re-measurements". In addition, the mark-to-market valuation movements on the Group's CfDs entered into by SSE Renewables that are not designated as government grants, and which are measured as Level 3 fair value financial instruments, are also included within "certain re-measurements".

Changes in the fair value of those commodity contracts designated as financial instruments and trading inventory are therefore reflected in the income statement. The Group recognises the change in the fair value of these forward contracts and trading inventory separately as "certain re-measurements", as the Group does not believe this mark-to-market movement is relevant to the underlying performance of its businesses.

At 31 March 2026, changes in commodity prices and in SSE's contractual positions have resulted in a net mark-to-market re-measurement on commodity contracts designated as financial instruments, contracts for difference contracts and trading inventory of £141.6m (loss) (2025: £57.4m (loss)). The net IFRS 9 position on operating derivatives at 31 March 2026 is a liability of £158.9m (2025: £3.9m liability).

The mark-to-market loss in the year has resulted in a deferred tax credit of £18.5m (2025: £9.3m credit), which has been reported separately as part of certain re-measurements. In addition, the Group has recognised gains of £17.9m (2025: £12.8m gain) on the re-measurement of certain interest rate and foreign exchange contracts through the income statement.

The following mark-to-market losses/gains were recorded in the statement of other comprehensive income:

- £14.2m of losses (2025: £48.1m gain) on the re-measurement of cash flow hedge accounted contracts, and
- £35.0m of losses (2025: £16.7m loss) on the equity share of the re-measurement of cash flow hedge accounted contracts in joint ventures

The re-measurements arising from IFRS 9 together with the associated deferred tax are disclosed separately to aid understanding of the underlying performance of the Group.

8. Directors and employees

8.1 Staff costs

	2026 £m	2025 £m
Staff costs:		
Wages and salaries	802.2	799.6
Social security costs	111.7	92.4
Share-based remuneration	29.6	24.5
Pension costs (note 23)	132.5	118.5
	1,076.0	1,035.0
Less: capitalised as property, plant and equipment or intangible assets	(353.3)	(299.1)
	722.7	735.9

8.2 Employee numbers

	2026 Number	2025 Number
Numbers employed at 31 March ⁽ⁱ⁾	15,197	15,824
	15,197	15,824

(i) The number of employees at 31 March 2026 includes 475 employees of Enerveo (2025: 944).

The average number of people employed by the Group (including Executive Directors) during the year was:

	2026 Number	2025 Number (restated*)
SSEN Transmission	2,619	2,082
SSEN Distribution	4,873	4,818
SSE Renewables	1,909	2,142
SSE Thermal	824	815
Energy Customer Solutions	2,695	2,978
SSE Energy Markets	368	349
Corporate Services ⁽ⁱ⁾	2,250	2,443
Total SSE Group	15,538	15,627

* The comparative has been restated to reallocate 97 average employees from Gas Storage to SSE Thermal and combine 1,977 and 981 average employees in SSE Business Energy and SSE Airtricity respectively in Energy Customers Solutions.

(i) Enverve employees of 846 (2025: 1,011) continue to be reported within Corporate Services.

8.3 Remuneration of key management personnel

The remuneration of the key management personnel of the Group (excluding amounts equivalent to pension value increases as set out in the Remuneration Report), is set out below in aggregate.

	2026			2025		
	Executive committee members £m	Executive directors £m	Total £m	Executive committee members £m	Executive directors £m	Total £m
Salaries and short-term employee benefits	5.7	4.6	10.3	5.1	5.4	10.5
Social security costs	1.2	1.0	2.2	1.0	1.0	2.0
Post-employment benefits	0.6	0.2	0.8	0.6	0.3	0.9
Share-based benefits	2.8	3.8	6.6	2.7	3.4	6.1
	10.3	9.6	19.9	9.4	10.1	19.5

Key management personnel are responsible for planning, directing and controlling the operations of the Group and are designated Persons Discharging Management Responsibilities ("PDMRs") in line with the market abuse regulation definition. The Group has two (2025: three) Executive Directors. Executive committee members included in the table above at 31 March 2026 are the Managing Director of SSEN Distribution; the Managing Director of SSEN Transmission; the Managing Director of SSE Renewables; the Managing Director of Thermal; the Managing Director of Energy Customer Solutions; the Managing Director of Corporate Affairs, Regulation and Strategy; the Director of Human Resources; the Group's General Counsel, and the Group's Chief Sustainability Officer.

Further information about the remuneration of individual Directors is provided in the audited part of the Remuneration Report.

Information regarding transactions with post-retirement benefit plans is included in [note 23](#).

Non-Executive Directors were paid fees of £1.5m during the current year (2025: £1.4m).

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

9. Finance income and costs

Recognised in income statement

	2026			2025		
	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Finance income:						
Interest income from short term deposits	46.9	–	46.9	24.8	–	24.8
Interest on pension scheme assets ⁽ⁱ⁾	29.4	–	29.4	20.7	–	20.7
Other interest receivable:						
Joint ventures and associates	119.4	–	119.4	118.8	–	118.8
Other receivable	45.2	–	45.2	30.5	0.3	30.8
	164.6	–	164.6	149.3	0.3	149.6
Total finance income	240.9	–	240.9	194.8	0.3	195.1
Finance costs:						
Bank loans and overdrafts	(69.7)	–	(69.7)	(61.1)	–	(61.1)
Other loans and charges	(362.7)	–	(362.7)	(309.9)	–	(309.9)
Notional interest arising on discounted provisions	(34.3)	–	(34.3)	(27.2)	–	(27.2)
Foreign exchange translation of monetary assets and liabilities	(4.4)	–	(4.4)	(0.2)	–	(0.2)
Lease charges	(24.1)	–	(24.1)	(26.9)	–	(26.9)
Less: interest capitalised ⁽ⁱⁱ⁾	184.8	–	184.8	106.1	–	106.1
Total finance costs	(310.4)	–	(310.4)	(319.2)	–	(319.2)
Changes in fair value of financing derivative assets or liabilities at fair value through profit or loss	–	17.9	17.9	–	12.8	12.8
Net finance costs	(69.5)	17.9	(51.6)	(124.4)	13.1	(111.3)
Presented as:						
Finance income	240.9	17.9	258.8	194.8	13.1	207.9
Finance costs	(310.4)	–	(310.4)	(319.2)	–	(319.2)
Net finance costs	(69.5)	17.9	(51.6)	(124.4)	13.1	(111.3)

(i) The interest income on net pension assets for the year ended 31 March 2026 of £29.4m (2025: £20.7m) represents the interest earned on the Group's net retirement benefits assets.

(ii) The capitalisation rate applied in determining the amount of borrowing costs to capitalise in the year was 4.29% (2025: 4.12%).

Adjusted Net Finance Costs are arrived at after the following adjustments:

	2026 £m	2025 £m (restated*)
Net finance costs	(51.6)	(111.3)
(Add)/less:		
Share of interest from joint ventures and associates	(155.7)	(164.3)
Movement on financing derivatives (note 24)	(17.9)	(12.8)
Exceptional item	–	(0.3)
Share of net finance cost attributable to non-controlling interests	13.4	14.0
Adjusted Net Finance Costs APM	(211.8)	(274.7)
Notional interest arising on discounted provisions	34.3	27.2
Lease charges	24.1	26.9
Hybrid coupon payment (note 22.5(iii))	(72.9)	(73.7)
Finance costs incurred by non-controlled interests on debt instruments provided by SSE plc	(8.0)	(6.3)
Adjusted Net Finance Costs for interest cover calculations APM	(234.3)	(300.6)

* The comparatives have been restated. See note 1.2.

Recognised in other comprehensive income

	2026 £m	2025 £m
(Loss)/gain on effective portion of cash flow hedges (before tax)	(14.2)	48.1
Share of joint venture and associate loss on effective portion of cash flow hedges (before tax)	(46.7)	(22.3)
Total recognised in other comprehensive income	(60.9)	25.8

10. Taxation

10.1 Analysis of charge recognised in the income statement

	2026			2025		
	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Current tax						
Corporation tax	141.8	(33.2)	108.6	247.3	(5.3)	242.0
Adjustments in respect of previous years	(11.2)	–	(11.2)	(8.3)	–	(8.3)
Total current tax	130.6	(33.2)	97.4	239.0	(5.3)	233.7
Deferred tax						
Current year	345.3	(23.3)	322.0	293.6	(28.4)	265.2
Adjustments in respect of previous years	6.3	–	6.3	19.1	–	19.1
Total deferred tax	351.6	(23.3)	328.3	312.7	(28.4)	284.3
Total taxation charge/(credit)	482.2	(56.5)	425.7	551.7	(33.7)	518.0

The Group has separately recognised the tax effect of the exceptional items and certain re-measurements summarised above.

SSE continues to be accredited with the Fair Tax Mark. As a result, these financial statements include several areas of enhanced disclosure which have been provided in order to develop stakeholder understanding of the tax the Group pays and the reported total taxation charge along with additional commentary on the main reconciling items.

These can be seen at [section A2](#).

The majority of the Group's profits are earned in the UK, with the standard rate of UK corporation tax being 25% for the year to 31 March 2026 (2025: 25%). Profits earned by the Group in the Republic of Ireland are taxable at either 12.5% or 25%, depending upon the nature of the income. While the Group has activities in other jurisdictions outside of the UK and Republic of Ireland, tax paid on those development activities is currently immaterial.

Change in UK corporation tax rates

There are no announced or enacted changes in corporation tax rates in the year ended 31 March 2026.

Finance Act (No.2) 2023 introduced legislation in respect of Multinational Top-up Tax in line with OECD BEPS Pillar Two principles. Similar draft legislation has been introduced in the Republic of Ireland and other EU jurisdictions. The Group has carried out a group wide tax rate review, in line with the BEPS Pillar Two Legislation and guidance, and has found there is no material impact as tax rates in the countries in which the Group operates exceed 15%. The Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required by the amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules", which were issued in May 2023.

The Adjusted Current Tax Charge and the adjusted effective rate of tax, which are presented in order to best represent underlying performance by making similar adjustments to the adjusted profit before tax measure, are arrived at after the following adjustments:

	2026 £m	2026 %	2025 £m (restated*)	2025 %
Group tax charge and effective rate	425.7	24.3	518.0	29.4
Add: reported deferred tax charge and effective rate	(328.3)	(18.8)	(284.3)	(16.1)
Reported current tax charge and effective rate	97.4	5.5	233.7	13.3
Effect of adjusting items		(0.7)		(2.4)
Reported current tax charge and effective rate on adjusted basis	97.4	4.8	233.7	10.9
Add:				
Share of current tax from joint ventures and associates	48.6	2.5	45.1	2.2
Current tax credit on exceptional items	33.2	1.6	5.3	0.2
Share of current tax attributable to non-controlling interests	14.2	0.7	13.8	0.6
Adjusted Current Tax Charge and effective rate APM	193.4	9.6	297.9	13.9

* The comparatives have been restated. See note 1.2.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

10. Taxation continued

10.1 Analysis of charge recognised in the income statement continued

Tax (credit)/charge recognised in other comprehensive income:

	2026 £m	2025 £m
Relating to:		
Pension scheme actuarial movements	(20.1)	13.2
Cash flow and net investment hedge movements	(3.8)	11.3
	(23.9)	24.5

All tax recognised through other comprehensive income is deferred tax.

See further Taxation disclosures at [A2](#).

10.2 Deferred taxation

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated capital allowances £m	Fair value gains/(losses) on derivatives £m	Retirement benefit obligations £m	Decommissioning liabilities £m	Other £m	Total £m
At 31 March 2024	1,479.3	33.5	105.4	(79.5)	(1.9)	1,536.8
Charge/(credit) to income statement	306.0	(5.0)	8.0	3.7	(28.4)	284.3
Transfer of deferred tax on derivatives	–	(18.3)	–	–	18.3	–
Decommissioning asset and liability presentation under IAS 12	–	–	–	(17.2)	17.2	–
Charge to other comprehensive income	–	11.3	13.2	–	–	24.5
Charge to equity	–	–	–	–	2.2	2.2
Exchange adjustment	(3.3)	–	–	–	–	(3.3)
At 31 March 2025	1,782.0	21.5	126.6	(93.0)	7.4	1,844.5
Charge/(credit) to income statement	347.5	(14.0)	10.0	(9.4)	(5.8)	328.3
Credit to other comprehensive income	–	(3.8)	(20.1)	–	–	(23.9)
Charge to equity	–	–	–	–	(9.1)	(9.1)
Exchange adjustment	1.5	–	–	–	0.2	1.7
At 31 March 2026	2,131.0	3.7	116.5	(102.4)	(7.3)	2,141.5

Certain deferred tax assets and liabilities have been offset, including the asset balances analysed in the tables above. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2026 £m	2025 £m
Deferred tax liabilities	2,303.6	2,000.9
Deferred tax assets	(162.1)	(156.4)
Net deferred tax liabilities	2,141.5	1,844.5

In total there are £62.0m (2025: £20.6m) of unrecognised deferred tax assets. The Group has not recognised a deferred tax asset of £5.6m (2025: £2.9m) on trading losses of £45.1m (2025: £23.7m) in the Republic of Ireland. The Group has not recognised deferred tax assets of £56.4m (2025: £17.7m) in respect of losses of £233.3m (2025: £74.6m) primarily in Spain and Japan. These assets have not been recognised as the Group is uncertain that there will be sufficient future profits against which to utilise the assets. There are no impending time limits for expiry of the losses or allowances to which they relate.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future. Total unremitted earnings at 31 March 2026 were £1,167.8m (2025: £971.1m).

11. Dividends and earnings per share

11.1 Ordinary dividends

	2026 Total £m	Settled via scrip £m	Pence per ordinary share	2025 Total £m	Settled via scrip £m	Pence per ordinary share
Interim – year ended 31 March 2026	258.3	107.7	21.4	–	–	–
Final – year ended 31 March 2025	475.8	25.3	43.0	–	–	–
Interim – year ended 31 March 2025	–	–	–	233.7	43.4	21.2
Final – year ended 31 March 2024	–	–	–	437.3	225.5	40.0
	734.1	133.0		671.0	268.9	

The final dividend of 43.0p per ordinary share declared in respect of the financial year ended 31 March 2025 (2024: 40.0p) was approved at the Annual General Meeting on 17 July 2025 and was paid to shareholders on 18 September 2025. Shareholders were able to elect to receive ordinary shares credited as fully paid instead of the cash dividend under the terms of the Company's scrip dividend scheme.

The scrip dividend scheme allows investors the option to receive ordinary shares for every cash dividend entitlement where offered. Where the scrip take-up exceeds 25% of the full year dividend in any given year, the Group's policy is to repurchase shares to reduce the dilutive effects to a maximum of 25%. This policy is expected to be extended for the years to 31 March 2030 subject to shareholder approval at the Group's 2026 Annual General Meeting. The scrip dividend take-up for the prior financial year was 9.7%, which was below the 25.0% required by the share buyback programme, therefore no share buybacks occurred during the current year. In the year ended 31 March 2025 3.8m shares were repurchased for total consideration of £71.7m (including stamp duty and commission).

An interim dividend of 21.4p per ordinary share (2025: 21.2p) was declared and paid on 30 January 2026 to those shareholders on the SSE plc share register on 5 December 2025. Shareholders were able to elect to receive ordinary shares credited as fully paid instead of the interim cash dividend under the terms of the Company's scrip dividend scheme.

The proposed final dividend of 47.3p per ordinary share based on the number of issued ordinary shares at 31 March 2026 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Based on shares in issue at 31 March 2026, this would equate to a final dividend of £574.9m.

11.2 Basic and Adjusted Earnings Per Share

The calculation of basic earnings per ordinary share at 31 March 2026 is based on the net profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 31 March 2026.

Adjusted Earnings Per Share has been calculated by excluding the charge for deferred tax, retained Gas Production decommissioning costs, the depreciation charged on fair value uplifts, the share of profit attributable to non-controlling interests and the impact of exceptional items and certain re-measurements (note 7 [▶](#)).

	2026	2026	2025	2025
	Earnings £m	Earnings per share pence	Earnings £m (restated*)	Earnings per share pence (restated*)
Basic earnings attributable to ordinary shareholders used to calculate Adjusted EPS	1,208.7	105.5	1,189.4	108.2
Exceptional items and certain re-measurements attributable to ordinary shareholders	247.8	21.6	341.4	31.1
Basic excluding exceptional items and certain re-measurements	1,456.5	127.1	1,530.8	139.3
Adjusted for:				
Decommissioning Gas Production	(12.6)	(1.1)	(17.9)	(1.6)
Depreciation charge on fair value uplifts	20.3	1.8	20.1	1.8
Deferred tax (note 10.1)	351.6	30.7	312.7	28.4
Deferred tax from share of joint ventures and associates	2.6	0.2	(36.1)	(3.2)
Deferred tax on non-controlling interest	(64.5)	(5.7)	(41.5)	(3.8)
Interest attributable to non-controlling interest holders, net of tax	4.6	0.5	4.8	0.4
Adjusted APM	1,758.5	153.5	1,772.9	161.3

* The comparatives have been restated. See note 1.2.

Reported earnings per share

	2026	2026	2025	2025
	Earnings £m	Earnings per share pence	Earnings £m	Earnings per share pence
Basic	1,208.7	105.5	1,189.4	108.2
Dilutive effect of outstanding share options	–	(0.1)	–	(0.1)
Diluted	1,208.7	105.4	1,189.4	108.1

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

11. Dividends and earnings per share continued

11.2 Basic and Adjusted Earnings Per Share continued

The weighted average number of shares used in each calculation is as follows:

	31 March 2026 Number of shares (millions)	31 March 2025 Number of shares (millions)
For basic and Adjusted Earnings Per Share	1,145.4	1,099.2
Effect of exercise of share options	1.8	1.1
For diluted earnings per share	1,147.2	1,100.3

11.3 Dividend cover

The Group's adjusted dividend cover metric is calculated by comparing Adjusted Earnings Per Share to the projected dividend per share payable to ordinary shareholders.

	2026 Earnings per share (pence)	2026 Dividend per share (pence)	2026 Dividend cover (times)	2025 Earnings per share (pence)	2025 Dividend per share (pence)	2025 Dividend cover (times)
Reported earnings per share	105.5	68.7	1.54	108.2	64.2	1.69
Adjusted Earnings Per Share APM (restated*)	153.5	68.7	2.23	161.3	64.2	2.51

* The comparatives have been restated. See note 1.2.

12. Acquisitions and disposals

12.1 Acquisitions

Current year acquisitions

There have been no significant acquisitions in the current year.

Prior year acquisitions

During the year ended 31 March 2025, the Group made small asset acquisitions (of special purpose vehicles as opposed to businesses) for cash consideration of £17.1m.

12.2 Disposals

Current and prior year disposals

There have been no significant disposals in the current and prior year.

12.3 Held for sale assets and liabilities

During the year ended 31 March 2026, the Group commenced a process to divest its renewable platform in France and a solar development asset in Greece. The Group has assessed that these divestments meet the held for sale IFRS 5 definition and accordingly the below associated assets and liabilities are presented as held for sale:

	31 March 2026 £m
Property, plant and equipment	34.1
Intangible assets	8.3
Inventories	0.4
Trade and other receivables	3.5
Total assets	46.3
Trade and other payables	(0.2)
Provisions	(1.3)
Loans and other borrowings	(1.5)
Total liabilities	(3.0)
Net assets	43.3

The aggregate pre-tax profit contribution of the held for sale businesses in the year to 31 March 2026 was a profit of £1.0m. There are no accumulated gains or losses recognised in other comprehensive income related to assets and liabilities held for sale.

13. Intangible assets

	Goodwill £m	Allowances and certificates £m	Development assets £m	Software and other intangible assets £m	Total £m
Cost:					
At 31 March 2024	1,130.6	982.2	990.6	1,370.1	4,473.5
Additions	–	603.7	307.1	134.7	1,045.5
Transfer (to)/from property plant and equipment (note 14)	–	–	(170.0)	3.1	(166.9)
Disposals/utilised	(0.5)	(965.6)	(22.1)	(25.6)	(1,013.8)
Exchange adjustments	(13.9)	(0.1)	(8.8)	2.2	(20.6)
At 31 March 2025	1,116.2	620.2	1,096.8	1,484.5	4,317.7
Additions	–	500.6	178.3	118.3	797.2
Transfer to property plant and equipment (note 14)	–	–	(59.6)	(8.9)	(68.5)
Disposals/utilised	–	(366.0)	(22.7)	(12.2)	(400.9)
Transfer to asset held for sale (note 12)	–	–	(10.2)	–	(10.2)
Exchange adjustments	11.2	–	6.9	1.6	19.7
At 31 March 2026	1,127.4	754.8	1,189.5	1,583.3	4,655.0
Aggregate amortisation and impairment:					
At 31 March 2024	(192.9)	(227.5)	(171.4)	(802.4)	(1,394.2)
Charge for the year	–	–	–	(89.8)	(89.8)
Disposals/utilised	–	–	–	21.3	21.3
Exceptional impairment charge	(195.2)	–	(74.8)	(3.8)	(273.8)
Non-exceptional impairment charge	–	–	(10.9)	(8.1)	(19.0)
Exchange adjustments	(0.4)	–	(0.3)	1.7	1.0
At 31 March 2025	(388.5)	(227.5)	(257.4)	(881.1)	(1,754.5)
Charge for the year	–	–	–	(113.6)	(113.6)
Disposals/utilised	–	–	–	1.9	1.9
Exceptional impairment charge⁽ⁱ⁾	–	–	(4.2)	–	(4.2)
Non-exceptional impairment charge⁽ⁱⁱ⁾	–	–	(6.3)	(3.0)	(9.3)
Transfer to asset held for sale (note 12)	–	–	1.9	–	1.9
Exchange adjustments	(0.8)	–	–	–	(0.8)
At 31 March 2026	(389.3)	(227.5)	(266.0)	(995.8)	(1,878.6)
Carrying amount:					
At 31 March 2026	738.1	527.3	923.5	587.5	2,776.4
At 31 March 2025	727.7	392.7	839.4	603.4	2,563.2
At 1 April 2024	937.7	754.7	819.2	567.7	3,079.3

(i) The exceptional impairment charge recognised during the current year primarily relates to the impairment of assets associated with standalone hydrogen production development projects in SSE Thermal.

(ii) The non-exceptional impairments in both years relate to assets where future development became uncertain or untenable in the year. The impairment of these items does not meet the Group's definition of an exceptional item, therefore they are included in the adjusted and reported results of the Group.

Intangible assets have been analysed as current and non-current as follows:

	2026 £m	2025 £m
Current	527.3	392.7
Non-current	2,249.1	2,170.5
	2,776.4	2,563.2

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for the year ended 31 March 2026

13. Intangible assets continued

(i) Goodwill

At inception, goodwill arising from business combinations is allocated to cash-generating units (CGUs) or groups of CGUs for impairment testing purposes. Certain goodwill valuations have changed in the current year following retranslation. Commentary on the impairment testing of the related CGUs, with the exception of two historic balances totalling £20.1m, is included in [note 15](#).

A summary of the goodwill allocated to CGUs and the Group's operating segments is presented below:

CGU group	Operating Segment	2026 £m	2025 £m
Great Britain and Ireland wind farms	SSE Renewables	291.8	287.0
SSE Pacifico ¹	SSE Renewables	182.9	187.3
SSE Southern Europe ²	SSE Renewables	243.3	233.3
Energy Solutions ³	Energy Customer Solutions	11.9	11.9
Ireland Supply ⁴	Energy Customer Solutions	8.2	8.2
		738.1	727.7

1 Relates to the acquisition on 29 October 2021 of an 80% equity interest in the Group's Japanese offshore wind development platform.

2 The SSE Southern Europe CGU relates to the acquisition on 1 September 2022 of the Group's renewable platform in Spain, France, Greece and Italy.

3 Energy Solutions is the remaining goodwill that arose on the acquisition of The Energy Solutions Group Limited.

4 The value associated with the Ireland supply goodwill represents the difference between the fair value attributed to the Northern Ireland based Phoenix Energy business acquired in 2012 and the book value of those assets.

(ii) Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates ("ROCs"). These allowances and certificates will be utilised in settlement of environmental obligations incurred by the Group's SSE Thermal and Energy Customer Solutions supply business and are therefore distinct from allowances and certificates held in excess of the Group's environmental obligations which are recorded within inventories.

(iii) Development assets

Development costs primarily relate to the design, construction and testing of Thermal, Renewable and Solar and Battery assets, which the Group believes will generate probable future economic benefits. Costs capitalised as development intangibles include options over land rights, planning application costs, environmental impact studies and other costs incurred in bringing wind farms and other development projects to the consented stage. These may be costs incurred directly or at a cost as part of the fair value attribution on acquisition.

At the point the development reaches the consent stage and is approved for construction, the carrying value is transferred to property, plant and equipment ([note 14](#)). At the point a project is no longer expected to reach the consented stage, the carrying amount of the project is impaired. During the year the Group has recognised exceptional impairment charges of £4.2m (2025: £74.8m) in relation to standalone hydrogen production development projects in SSE Thermal ([note 7](#)) and £6.3m (2025: £10.9m) of non-exceptional impairment charges relating to projects that are not expected to reach the construction phase.

(iv) Software assets

Software assets include application software license fees, software development work, software upgrades and purchased PC software packages. The Group also has a number of contracts for Software as a Service ("SaaS") and Platform as a Service ("PaaS") Cloud Computing Arrangements which permit access to vendor-hosted software and platform services over the term of the arrangement. Where the Group does not control the underlying assets in these arrangements, costs are expensed as incurred. The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under IAS 38 by being separable and controlled by the Group.

14. Property, plant and equipment

	Thermal power generation assets ⁽ⁱ⁾ £m	Renewable power generation assets ⁽ⁱ⁾ £m	Distribution network assets £m	Transmission network assets £m	Land and buildings £m	Assets under construction £m	Other assets £m	Total £m
Cost:								
At 31 March 2024	3,633.9	4,673.1	10,563.9	6,417.0	629.1	1,263.9	1,428.3	28,609.2
Additions	33.9	20.5	103.3	1.7	77.2	2,503.1	51.8	2,791.5
Adjustment to decommissioning asset	(12.8)	(2.5)	–	–	–	–	(3.6)	(18.9)
Transfer from intangible assets (note 13) ⁽ⁱⁱⁱ⁾	–	–	–	–	–	170.0	(3.1)	166.9
Transfer from assets under construction	(15.8)	103.2	579.9	1,243.7	16.6	(1,991.3)	63.7	–
Disposals ^(iv)	(0.1)	–	(2.0)	–	(10.6)	(17.7)	(10.4)	(40.8)
Exchange rate adjustments	(10.5)	(18.4)	–	–	(1.6)	(6.3)	(0.3)	(37.1)
At 31 March 2025	3,628.6	4,775.9	11,245.1	7,662.4	710.7	1,921.7	1,526.4	31,470.8
Additions	6.0	3.0	–	–	33.7	3,877.2	63.6	3,983.5
Adjustment to decommissioning asset	3.4	7.5	–	–	–	–	13.0	23.9
Transfer from intangible assets (note 13)⁽ⁱⁱⁱ⁾	0.4	0.8	–	–	–	58.2	9.1	68.5
Transfer from assets under construction	70.0	1,115.5	888.0	2,236.4	4.4	(4,381.4)	67.1	–
Transfer between categories	(39.3)	–	–	–	39.3	–	–	–
Disposals^(iv)	(4.4)	(2.3)	(0.5)	–	(11.9)	(2.8)	(36.9)	(58.8)
Transfer to assets held for sale (note 12)	–	(33.6)	–	–	(1.5)	–	(1.3)	(36.4)
Exchange rate adjustments	23.0	37.5	–	–	1.6	13.5	–	75.6
At 31 March 2026	3,687.7	5,904.3	12,132.6	9,898.8	776.3	1,486.4	1,641.0	35,527.1
Depreciation:								
At 31 March 2024	(2,591.9)	(2,229.4)	(4,704.8)	(985.5)	(253.9)	(10.9)	(1,221.3)	(11,997.7)
Charge for the year	(85.0)	(175.6)	(188.3)	(135.3)	(18.0)	–	(63.4)	(665.6)
Transfer between categories	–	–	–	–	(0.2)	–	0.2	–
Exceptional impairment charges ⁽ⁱⁱⁱ⁾	–	–	–	–	–	–	(7.2)	(7.2)
Non-exceptional impairment charges	–	–	–	–	(0.1)	(0.4)	(1.2)	(1.7)
Disposals	–	–	0.2	–	0.5	–	9.0	9.7
Exchange rate adjustments	3.9	10.6	0.1	–	(0.2)	–	1.4	15.8
At 31 March 2025	(2,673.0)	(2,394.4)	(4,892.8)	(1,120.8)	(271.9)	(11.3)	(1,282.5)	(12,646.7)
Charge for the year	(77.6)	(191.4)	(210.5)	(168.5)	(24.5)	–	(80.5)	(753.0)
Exceptional impairment charges and reversals⁽ⁱⁱⁱ⁾	–	–	–	–	–	(155.8)	48.5	(107.3)
Non-exceptional impairment charges	(3.4)	–	–	–	1.5	(1.8)	0.3	(3.4)
Disposals^(iv)	4.4	1.2	–	–	5.5	2.8	21.5	35.4
Transfer to assets held for sale (note 12)	–	1.6	–	–	–	–	0.7	2.3
Exchange rate adjustments	(11.0)	(20.3)	–	–	(0.4)	–	(0.4)	(32.1)
At 31 March 2026	(2,760.6)	(2,603.3)	(5,103.3)	(1,289.3)	(289.8)	(166.1)	(1,292.4)	(13,504.8)
Net book value								
At 31 March 2026	927.1	3,301.0	7,029.3	8,609.5	486.5	1,320.3	348.6	22,022.3
At 31 March 2025	955.6	2,381.5	6,352.3	6,541.6	438.8	1,910.4	243.9	18,824.1
At 1 April 2024	1,042.0	2,443.7	5,859.1	5,431.5	375.2	1,253.0	207.0	16,611.5

(i) Renewable and Thermal power generation assets includes plant and machinery and related land and buildings and decommissioning costs with a net book value of £139.2m and £59.2m (2025: £137.3m and £58.7m) respectively. Additionally, Other assets includes £62.5m in relation to decommissioning costs for Gas Storage assets (2025: £49.5m).

(ii) Represents the carrying value of development assets transferred from intangible assets (note 13) which have reached the consent stage and have been approved for construction and the reclassification of certain software assets to intangible assets.

(iii) Exceptional impairment charges of £107.3m relate to Strathy South (£96.0m) and Aberarder (£59.8m), offset by an impairment reversal of £48.5m relating to the Group's Gas Storage assets (note 15).

(iv) Disposals in the current year primarily relate to surplus buildings and vehicles.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

14. Property, plant and equipment continued

Included within property, plant and equipment are the following right of use assets for leased assets:

	Thermal power generation assets £m	Land and buildings £m	Other assets £m	Total £m
Cost				
At 31 March 2024	369.6	282.4	151.4	803.4
Additions	–	76.8	49.9	126.7
Disposals	–	(11.6)	(9.2)	(20.8)
Exchange rate adjustments	–	(0.8)	(0.5)	(1.3)
At 31 March 2025	369.6	346.8	191.6	908.0
Additions	–	33.3	60.0	93.3
Disposals	–	(3.5)	(40.4)	(43.9)
Transfer to asset held for sale (note 12)	–	(1.5)	–	(1.5)
Exchange rate adjustments	–	1.7	–	1.7
At 31 March 2026	369.6	376.8	211.2	957.6
Depreciation				
At 31 March 2024	(264.0)	(54.0)	(63.2)	(381.2)
Charge for the year	(18.4)	(16.1)	(31.2)	(65.7)
Disposals	–	0.8	7.1	7.9
At 31 March 2025	(282.4)	(69.3)	(87.3)	(439.0)
Charge for the year	(18.6)	(20.3)	(43.7)	(82.6)
Disposals	–	1.7	27.8	29.5
At 31 March 2026	(301.0)	(87.9)	(103.2)	(492.1)
Net book value				
At 31 March 2026	68.6	288.9	108.0	465.5
At 31 March 2025	87.2	277.5	104.3	469.0
At 1 April 2024	105.6	228.4	88.2	422.2

15. Impairment testing

Goodwill and intangible assets that are not amortised are reviewed at least annually for impairment. Property, plant and equipment, investments and other intangibles are assessed annually for triggers of impairment (or impairment reversal).

The Group's accounting policies for impairment testing are described at Accompanying Information [sections A1.2](#).

The key operating and valuation assumptions, specific considerations and outcome of tests for all impairment reviews are noted in the following sections. The discount rates used are pre-tax real, except where noted, and reflect specific risks attributable to the relevant assets subject to impairment review. The recoverable amounts derived from the value in use ('VIU') or fair value less costs to sell ('FVLCS') calculations are compared to the carrying amount of each asset or cash generating unit ('CGU') to determine whether an impairment charge (or reversal) is required to be recognised. The reviews carried out for the 2026 financial statements were carried out in the fourth quarter of the year, which is consistent with previous reviews. Note that the actual outcomes may differ from the assumptions included in the assessments at the balance sheet date.

15.1 Goodwill impairment reviews – CGUs testing

The Group has three goodwill balances within its SSE Renewables business (GB and Ireland, SSE Southern Europe and SSE Pacifico) that are subject to annual goodwill impairment reviews. Legacy goodwill balances within the Energy Customers Solutions segment are also subject to annual impairment review but are not included in the disclosure on the basis of materiality. The recoverable amounts of the CGUs supporting the goodwill balances are determined by reference to either VIU or FVLCS calculations, as noted below. The VIU calculations use, as a starting point, pre-tax cash flow projections based on the Group's ten-year Corporate Model as approved by the Board. The Group's Corporate Model is based on past experience and reflects the Group's forward view of markets, prices, risks and its strategic objectives. Commodity prices used are based on observable market data and, where this is not available, internal estimates. The FVLCS methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
SSE Southern Europe	Period to end of life of portfolio assets	<p>Modelling methodology and assumptions</p> <p>Due to the early stage of development of many of the projects in the Southern Europe portfolio, a FVLCS assessment is used to test the carrying value of £244.5m of goodwill (2025: £408.8m) and £169.4m of tangible generation and intangible development assets (2025: £192.7m). The FVLCS assessment is based on the discounted post-tax cash flows, which are presented on a similar basis to the acquisition model updated to reflect changes to specific project circumstances and wider market developments.</p> <p>In the prior year the Group recognised an exceptional impairment of £249.5m on its Southern Europe development portfolio between goodwill (£174.7m) and development assets (£74.8m).</p> <p>During the current financial year, the Group has progressed development and construction of a number of projects, primarily in Spain and Italy. While development has continued in Spain, the prospects of the specific development projects impaired in the prior year have not significantly improved in the current year and have not been reversed. The impairment of goodwill recognised in the prior year is ineligible for reversal.</p> <p>The Group has assessed that its French portfolio and the Mesouvouni solar asset in Greece have met the relevant criteria to be classified as held for sale as at 31 March 2026 (see note 12.3). The assets have been written down to the lower of cost or net realisable value, which has resulted in a non-exceptional impairment of £1.9m to Mesouvouni.</p> <p>The Southern Europe CGU model includes cashflows for two operational wind farms and over 50 early-stage development assets, being individual wind farm and co-located solar projects across Spain, France, Italy and Greece that have been assigned a probability of success. While there are other projects in the portfolio, these have not been assigned a probability of success and have been excluded from the valuation.</p> <p>Cashflows for the CGU are based on the expected average annual generation output for each project, valued using forward power price projections. These factors are subject to management review on an annual basis. The prices applied to projected outputs are based on observable market information during the period, or management projections for available contracts in the PPA market. Assumptions have also been made on government support for the development of wind projects and expected governmental support under CFD subsidies. Cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs.</p> <p>The cash flow projections are based on European power prices between €23 – €272 per MWh (2025: €35 – €173 per MWh) and have been discounted applying a post-tax nominal discount rate between 7.2% and 8.1% (2025: post-tax nominal discount rate between 7.1% and 8.0%) based on technology and market risks.</p>	<p>Impairment conclusion</p> <p>The recoverable value of the Southern Europe wind farm CGU has been calculated at £469.0m (2025: £351.2m), which is greater than the carrying value of the goodwill and intangible development assets, therefore no impairment charge has been recognised. The Group also assessed that none of the impairments previously recognised within the CGU were eligible for reversal.</p> <p>Sensitivity analysis</p> <p>The principal assumptions impacting the valuation model of the Southern Europe wind farm CGU are generation volume; development probability of success; discount rate; and power price. Positive sensitivities have not been disclosed as they would increase headroom further.</p> <p>While cash flow projections are subject to inherent uncertainty, a 10% reduction in generation volume would result in impairment of £96.9m (2025: impairment of £79.6m).</p> <p>A 5% decrease in the probability of success attributed to the development projects would result in an impairment of £11.4m (2025: impairment of £115.8m).</p> <p>An increase of 0.5% in the respective post-tax nominal discount rates to between 7.7% and 8.6% would result in an impairment of £28.8m (2025: impairment of £88.0m).</p> <p>The Group continues to assume that many of the projects in Spain, Italy and France will obtain a government or third-party revenue support contract. If this assumption were changed and the projects were developed on a merchant basis, headroom would increase to £95.2m. A 5% decrease to the merchant price assumption would result in an impairment of £20.1m.</p>

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

15. Impairment testing continued

15.1 Goodwill impairment reviews – CGUs testing continued

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
SSE Pacifico	Period to end of life of portfolio assets	<p>Modelling methodology and assumptions</p> <p>A FVLCS assessment was used to test the carrying value of £182.9m of goodwill (2025: £187.3m) and £47.5m of intangible development assets (2025: £39.7m) relating to SSE Pacifico. The projects in SSE Pacifico remain early stage, therefore the assessment was based on the discounted post-tax cash flows prepared on comparable basis to the acquisition model, updated to reflect changes to specific project circumstances and wider market developments since acquisition.</p> <p>During the year there has been development in the Japanese offshore wind industry with the surrender of Round 1 revenue support contracts by market incumbents. As a result, the Group has reviewed key input assumptions to the impairment model including capex, opex and revenue prices during the year.</p> <p>Cash inflows for the CGU model are based on the Group's latest projections for expected average annual generation output based on technical assessment and are valued based on the Group's internal projections of fixed price contract prices. The projections are dependent on the Japanese government's continued support for the development of offshore wind projects.</p> <p>Cash outflows are based on forecast asset costs, planned and expected maintenance profiles and other capital or replacement costs.</p> <p>For the purposes of the impairment test, the valuation model includes cashflows for three early-stage offshore wind projects (2025: three) out of a total of 11 acquired by the Group.</p> <p>The cash flow projections are based on Japanese power prices, per foundation type, between ¥40.5 – ¥53.3 per kWh (2025: ¥21.2 – ¥32.0 per kWh) and have been discounted applying a post-tax nominal discount rate of 10.4% (2025: post-tax nominal discount rate of 10.5%) based on technology and market risks.</p>	<p>Impairment conclusion</p> <p>While the assessed recoverable value of £267.6m (2025: £250.6m) exceeds the carrying value at 31 March 2026, the model is sensitive to changes in key assumptions due to the early stage of the development portfolio. The Group's base case model, reflecting the Group's best estimate of observable inputs to the model, indicates headroom on the carrying value of the asset of £34.3m (2025: £23.6m). Therefore, no impairment has been recognised at 31 March 2026.</p> <p>Sensitivity analysis</p> <p>The principal assumptions impacting the valuation model of the SSE Pacifico CGU are fixed-contract price; generation volumes; operating cost estimates; construction cost estimates; and discount rate.</p> <p>A 5% decrease in fixed-contract price revenue results in an impairment of £82.2m (2025: £122.9m), while a 1% reduction to the generation capacity factor results in an impairment of £31.9m (2025: £64.9m).</p> <p>A 5% increase in operating cost estimates would decrease headroom to £16.0m. A 2% increase in construction cost estimates would reduce headroom to nil.</p> <p>A 0.5% increase to financing costs results in an impairment of £18.7m (2025: £68.0m), while a 0.5% increase to the discount rate assumption decreases the headroom to £6.8m (2025: £4.4m).</p> <p>Due to the low level of headroom and the sensitivity of the model to changes in key assumption, breakeven assumption changes that would reduce the headroom to nil have been calculated.</p> <p>A decrease in the fixed price assumption of 1.5%; a decrease in assumed generation volumes of 1.4%; a 0.3% increase to interest rate; a 9.3% operating cost increase; or a 0.6% increase to the discount rate would each result in the headroom being reduced to nil.</p>

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Great Britain (GB) and Ireland wind farm CGUs	Period to end of life of portfolio assets	<p>Modelling methodology and assumptions</p> <p>A VIU assessment is used to test the carrying value of £291.8m (2025: £287.0m) of goodwill related to the Group's GB and Ireland wind farm CGUs. The assessment is based on the discounted pre-tax cash flows expected to be generated by the specific wind farm assets included in the CGU across the remaining useful lives of those assets.</p> <p>The GB and Ireland CGUs includes cashflows for operational assets only, being over 50 individual wind farms across Great Britain and Ireland, given the risk and uncertainty associated with projects in the development stage. Significant developments that are currently under development or construction (such as Berwick Bank) continue to be excluded from the analysis.</p> <p>Cash inflows for the CGUs are based on the expected average annual generation output based on technical assessment and past experience, valued based on forward power prices. These factors are subject to management review on an annual basis. The prices applied to projected outputs are based either on observable market information during that period, which is deemed to be 3 years, or on internal estimations beyond the observable market period (a Level 3 basis as defined by IFRS 13 "Fair Value Measurement"). The projections are also dependent on the UK and Irish governments' continuing support for existing qualifying wind assets through CFD subsidies and ROCs or REFIT. Cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs.</p> <p>The cash flow projections are based on UK and Irish power prices between £50 – £100 per MWh (2025: £52 – £98 per MWh) and have been discounted applying a pre-tax real discount rate between 8.2% for GB and 6.0% for Ireland (2025: between 7.5% for GB and 5.3% for Ireland) based on technology and market risks.</p>	<p>Impairment conclusion</p> <p>The recoverable amount of the GB and Ireland CGUs at 31 March 2026 is significantly in excess of the carrying value of the goodwill and tangible and intangible assets attributed to the CGUs, therefore no impairment has been recognised.</p> <p>Sensitivity analysis</p> <p>The principal assumptions impacting the valuation model of the GB and Ireland CGU are generation volume and electricity price.</p> <p>While cash flow projections are subject to inherent uncertainty, a 10% decrease in projected generation volumes, offset by a 5% increase to power prices, continued to return headroom above the carrying value of the assets.</p> <p>Climate-related sensitivity analysis</p> <p>A significant increase in renewable generation capacity in the Group's core markets could result in an oversupply of renewable electricity at a point in the future, which would lead to a consequential decrease in the power price achievable for the Group's GB and Ireland wind generation assets. A downside power price sensitivity, which may arise in a market with significant new build wind was modelled. This scenario indicated that, despite a modelled 10% reduction in forecast wind power price, there remained headroom on the carrying value in the Group's GB and Ireland wind generation assets.</p> <p>Climate change models predict sustained higher temperatures that deliver greater extremes in weather patterns, including variability in wind and rainfall patterns which may reduce volumes achievable for the Group's GB and Ireland wind generation assets (although noting that a reduction in volume would likely lead to capacity constraints and hence higher prices). A 10% decrease in projected generation volumes, offset by a 5% increase to power prices, continued to return headroom above the carrying value of the assets.</p>

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

15. Impairment testing continued

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing

Where an indicator of impairment exists, the recoverable amounts of the Group's property, plant and equipment, other intangible assets and interests in joint ventures and associates are determined by reference to VIU or, where appropriate, FVLCS calculations. The calculations use, as their starting point, pre-tax cash flow projections based on the Group's ten-year Corporate Model as approved by the Board. The Group's Corporate Model is based on experience and reflects the Group's forward view of markets, prices, risks and its strategic objectives. Commodity prices used are based on observable market data and, where this is not available, on internal estimates. FVLCS valuations are derived from market analysis for similar transactions, adjusted to specific circumstances of the Group's investment to reflect the amount the Group believes will be recoverable in a sale transaction. Note that the Group will expense any individual asset, investment or development asset, should it clearly be damaged, obsolete or economically impaired, as part of its normal course of business.

Assets identified for review

The specific assets and investments identified for impairment reviews in the prior year (being the Great Island CCGT; Gas Storage facilities at Aldbrough and Atwick; 50% joint venture investment in Triton Power; and 50% joint venture investment in Neos Networks) all remained subject to impairment testing at 31 March 2026 as they displayed indicators of impairment, or impairment reversal, as set out below. In addition, Strathy South and Aberarder wind farms and the Group's investments in the Dogger Bank joint venture were identified as displaying indicators of impairment and have been tested for impairment in the current year.

While the Group's GB CCGTs were tested for impairment in the prior year, all historic impairments related to these assets are fully reversed and significant headroom existed on all assets in the prior year impairment test. No further indicators of impairment were identified in the current year, therefore no detailed impairment test was performed for these assets.

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Equity and debt investments in Dogger Bank wind farms	Period to end of life	<p>Indicator of impairment</p> <p>Management identified that delays to the construction of the wind farm constituted an indicator of impairment, triggering an impairment test.</p> <p>Modelling methodology and assumptions</p> <p>A FVLCS assessment was used to test the carrying value of the Group's equity investments (DBA: £259.2m; DBB: £128.4m; and DBC: £95.0m) and shareholder loans (DBA: £313.4m) due to SSE. SSE has assessed that the equity and shareholder loans provided to DBA together form the Group's net investment in the joint venture.</p> <p>The fair value of each investment was determined using a post-tax discounted cash flow model. The model comprises an estimate of cashflows arising from operations to the end of the operational life of each wind farm.</p> <p>Construction cost forecasts represent management's best estimate of remaining cash outflows expected to be incurred to complete each wind farm.</p> <p>Cash inflows for each investment are based on the expected average annual generation output valued based on forward power prices forecast by Dogger Bank. CfD price inputs are based on contracted rates throughout the life of the CfD and merchant prices are based on external market estimations (a Level 3 input as defined by IFRS 13 "Fair Value Measurement"). Operational cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs.</p> <p>The cash flow projections have been discounted applying a post-tax nominal discount rate between 9.8% and 10.3%.</p>	<p>Impairment conclusion</p> <p>The impairment test indicated headroom above the carrying value for each investment, therefore no impairments have been recognised.</p> <p>Sensitivity analysis</p> <p>The principal assumptions impacting the valuation model of the Group's investments in the Dogger Bank wind farms is production volumes projected by management. Whilst other input assumptions have been estimated, reasonable possible changes in these assumptions did not alter the impairment test outcome and therefore have not been disclosed.</p> <p>Only a reasonably possible downside sensitivity to the production volume assumption has been disclosed, as an upside sensitivity would increase headroom further.</p> <p>A 10% decrease in estimated output volumes across the life of the assets would result in impairments of £34.6m and £9.0m to DBA and DBC respectively. DBB would retain headroom.</p>

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
GB onshore wind assets under construction	Period to end of life	<p>Indicator of impairment</p> <p>Notification of grid delays prolonging the construction period constituted an indicator of impairment, necessitating formal review.</p> <p>Modelling methodology and assumptions</p> <p>A FVLCS assessment was used to test the carrying value of the Group's asset under construction balances in relation to the Group's Strathy South (£141.5m) and Aberarder (£73.7m) wind farms.</p> <p>A post-tax discounted cash flow model was prepared for each asset comprising management's estimate of cashflows arising from operations to the end of asset life. Construction cost forecasts represent management's best estimate of remaining cash outflows expected to be incurred.</p> <p>Cash inflows are based on the expected average annual generation output valued based on forward power prices. CfD price inputs for each asset are based on contracted rates throughout the life of the CfD and merchant prices are based external market estimations (a Level 3 basis as defined by IFRS 13 "Fair Value Measurement"). Operational cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs.</p> <p>The cash flow projections have been discounted applying a post-tax nominal discount rate between 7.9% and 8.2%.</p>	<p>Impairment conclusion</p> <p>The recoverable value of Strathy South is £45.5m which is £96.0m lower than the carrying value; and the recoverable value of Aberarder is £13.9m which is £59.8m lower than the carrying value. Both impairments have been recognised as exceptional charges in the year (see note 7 🔗).</p> <p>Sensitivity analysis</p> <p>The principal assumptions impacting the valuation model of the Strathy South and Aberarder impairment models are construction cost increases; and discount rate.</p> <p>An increase to the Strathy South construction cost estimate of £50m would result in a further impairment of £40.0m. A £20m increase to the Aberarder construction cost estimate would result in a further impairment of £16.0m.</p> <p>A 0.5% increase to the discount rate assumption would increase the Strathy South impairment by £13.9m and increase the Aberarder impairment £3.3m.</p>
Great Island CCGT	Period to end of life	<p>Indicator of impairment</p> <p>The Group's Great Island CCGT demonstrated low levels of headroom in the prior year assessment (£25.8m) and remains sensitive to key input assumption movements, which management concluded necessitated formal impairment review.</p> <p>Modelling methodology and assumptions</p> <p>The VIU of the Group's Great Island CCGT power station was based on pre-tax discounted cash flows expected to be generated by the plant based on management's view of the plant's operating prospects. Cash flows are subject to a pre-tax real discount rate of 10.5% (2025: 9.9%) reflecting the specific risks in the Irish market.</p>	<p>Conclusion</p> <p>The VIU assessment performed on the asset at 31 March 2026 resulted in no impairment being recognised. The recoverable value at 31 March 2026 was estimated at £265.1m (2025: £265.0m) relative to a carrying value of £224.7m (2025: £239.2m).</p> <p>Sensitivity analysis</p> <p>Reasonably possible changes to model input assumptions did not alter the impairment test outcome, therefore have not been disclosed.</p>


Notes to the consolidated financial statements continued

for the year ended 31 March 2026

15. Impairment testing continued

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing continued

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Gas Storage CGU	Period to end of life	<p>Indicator of impairment reversal</p> <p>During March 2026, significant volatility arose in global commodity markets following the commencement of conflict in the Middle East, which Management determined to be an indicator of impairment reversal, requiring a formal impairment assessment.</p> <p>Modelling methodology and assumptions</p> <p>The VIU of the Group's Gas Storage assets was based on pre-tax discounted cash flows expected to be generated by the CGU based on management's view of operating prospects. Cash flows are subject to a pre-tax real discount rate of 15.3% (2025: 10.6%) reflecting risks specific to the CGU.</p> <p>The key assumptions applied in the valuation of the assets are gas price volatility and the mean reversion rate ("MRR"). The gas price volatility assumption reflects management's view of price fluctuations between periods where the Group can purchase gas at a low price, store it and sell during periods of peak prices. MRR represents the time taken for the market to return to average after a period of increase or decline.</p> <p>Asset valuations are particularly sensitive to movements in short-term volatility and therefore any increases due to short-term volatility are likely to reverse as the market stabilises.</p>	<p>Conclusion</p> <p>The VIU assessment performed resulted in the reversal of £48.5m of historic impairment (2025: no impairment or reversal). The impairment reversal has been classified as an exceptional item (see note 7).</p> <p>Following the exceptional impairment reversal, the carrying value of the Group's Gas Storage assets is £63.7m (2025: £9.4m). This represents the recoverable value of the storage assets only and excludes the carrying value of cushion gas volumes.</p> <p>Sensitivity analysis</p> <p>A sensitivity performed with a high volatility assumption would result in a further impairment reversal of £81.2m, while a low volatility assumption would result in a full impairment of the carrying value.</p> <p>An increase to the MRR assumption rate by 1.0 would result in a further impairment reversal of £15.0m, while a 1.0 decrease to the MRR assumption would reduce the impairment write-back to £16.6m.</p> <p>A 10% increase to the gas price assumption would result in a further impairment reversal of £25.8m, while a 10% decrease to the gas price assumption would reduce the impairment reversal recognised from £48.5m to £21.1m.</p>
Equity investment in Triton Power Holdings Limited	Period to end of life	<p>Indicator of impairment reversal</p> <p>During the year, Triton Power commenced the upgrade to a secondary boiler at Saltend Power Station, which is expected to optimise running of the plant. This, coupled with recent movements in observable power prices, was deemed to be an indicator of impairment reversal, resulting in a formal review.</p> <p>Modelling methodology and assumptions</p> <p>The Group has valued its 50% equity investment Triton Power Holdings Limited ("Triton") based on projected cashflows that will be available to shareholders of the investment on a VIU basis.</p> <p>The VIU assessment of the Triton power stations (Saltend, Indian Queens and Deeside) is used to test the carrying value of the equity investment of £111.6m (2025: £137.8m). The assessments were based on pre-tax discounted cash flows expected to be generated by each power station, based on management's view of operating prospects and operational flexibility within the GB wholesale market, including capacity market clearing prices. Cash flows are subject to a pre-tax real discount rate of 15.1% (blended) (2025: 12.7% (blended)).</p>	<p>Conclusion</p> <p>The recoverable amount of the Group's equity investment in Triton is £141.0m (2025: £137.3m) which resulted in the recognition of an exceptional impairment reversal of £29.4m (2025: £nil).</p> <p>The Group acquired its investment in Triton on 1 September 2022 during a period of significant volatility in the UK power market. On acquisition the Group recorded an exceptional gain on acquisition due to movements in short term gas and power prices between the purchase agreement and completion dates. While the investment is an equity accounted joint venture, the investment has been impaired in previous periods and is sensitive to market movements. The current year impairment reversal has been classified as exceptional to align with the treatment of previous impairments (see note 7).</p> <p>Sensitivity analysis</p> <p>The principal assumption impacting the valuation model of Triton is the non-contracted capacity market price.</p> <p>A £10/KW increase in non-contracted capacity market price would result in a further impairment reversal of £14.8m (2025: reversal of £16.5m), while a £10/KW decrease in the assumption would decrease the impairment reversal to £14.6m (2025: impairment of £11.4m).</p> <p>While other assumptions such as gross margin and discount rates are estimated by management, reasonably plausible movements in these assumptions result in immaterial movements to the impairment conclusion.</p>

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Investment in Neos Networks Limited ("NNL")	5 years	<p>Indicator of impairment reversal</p> <p>The Group's investment in NNL was tested for impairment or impairment reversal, following a series of impairments in recent financial years.</p> <p>Modelling methodology and assumptions</p> <p>The Group has valued its investment in NNL based on projected future cashflows that are expected to arise from the business under a value in use ("VIU") methodology. The VIU assessment is used to test the carrying value of the equity investment and shareholder loan balances due from NNL at 31 March 2026.</p> <p>Due to recognition of the Group's share of losses in the joint venture, the carrying value of the Group's equity investment has now reduced to nil (2025: £1.3m), while shareholder loans are carried at £86.7m (2025: £83.5m). The Group has assessed that it is not required to recognise its share of further losses arising from the investment (see note 16 )</p> <p>The impairment assessment was derived from pre-tax discounted cash flows based on management's view of operating prospects.</p> <p>Cash flows are subject to a pre-tax real discount rate of 7.2% (2025: 8.2%).</p>	<p>Conclusion</p> <p>The impairment test indicated headroom of £15.9m above the carrying value. As the difference is immaterial and has been assessed as part of a range of positive and negative reasonably possible outcomes, no impairment reversal has been recognised at 31 March 2026 (2025: £nil).</p> <p>Sensitivity analysis</p> <p>Reasonably possible changes to model input assumptions did not alter the impairment test outcome, therefore have not been disclosed.</p>

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

16. Investments

16.1 Joint Ventures and associates

Share of net assets/cost	2026			2025		
	Equity £m	Loans £m	Total £m	Equity £m	Loans £m	Total £m
At 1 April	1,987.3	1,510.3	3,497.6	1,963.2	1,352.9	3,316.1
Additions	60.8	243.6	304.4	153.4	280.0	433.4
Repayment of shareholder loans	–	(94.5)	(94.5)	–	(121.7)	(121.7)
Dividends received	(184.1)	–	(184.1)	(200.6)	–	(200.6)
Share of profit after tax ⁽ⁱ⁾	88.0	–	88.0	91.6	–	91.6
Share of other comprehensive income	(50.8)	–	(50.8)	(0.9)	–	(0.9)
Disposals	(4.6)	–	(4.6)	–	–	–
Transfer – loans to equity	25.5	(25.5)	–	–	–	–
Transfers – other investments	–	–	–	(4.6)	–	(4.6)
Impairments ⁽ⁱⁱ⁾	21.3	(15.6)	5.7	–	–	–
Investment decrease in respect of financial guarantees ⁽ⁱⁱⁱ⁾	(2.3)	–	(2.3)	(12.1)	–	(12.1)
Exchange rate adjustments	4.0	2.9	6.9	(2.7)	(0.9)	(3.6)
At 31 March	1,945.1	1,621.2	3,566.3	1,987.3	1,510.3	3,497.6

(i) The Group recognised losses of £1.3m from its joint venture investment Neos Networks Limited in the year ended 31 March 2026. While the Group's total share of losses totalled £30.9m for the 12 months ended 31 March 2026, only £1.3m was recognised as this reduced the equity investment to Enil. For 31 March 2025 of the £91.6m share of profit, only £89.9m was recognised through the income statement, as £1.7m related to profits earning from SSE Group companies where the cost were capitalised and the related profit eliminated on consolidation.

(ii) The net impairment credit for the year ended 31 March 2026 of £5.7m is comprised of an exceptional impairment reversal of £29.4m relating to Triton Power Holdings Limited (see note 15.2), offset by an exceptional impairment charge of £17.6m relating to the Group's joint venture investments in hydrogen development projects (see note 7.1) and non-exceptional expected credit loss impairment charges of £6.1m.

(iii) The investment decrease in respect of financial guarantees relates to £3.1m (2025: £12.5m) of unwind and expiry of guarantee contracts, less £0.8m (2025: £0.4m) for the fair value of fees receivable on guarantees granted to joint venture investments during the year.

16.2 Additions and disposals of equity in the current year

Additions and disposals in the year

During the year the Group provided equity and loans to its existing joint venture investments of £60.8m and £243.6m respectively, primarily in relation to Seagreen Holdco 1 Limited and Doggerbank Offshore Wind Farm Project 1 Holdco Limited.

During the year ended 31 March 2026 the Group completed the acquisition of a further 50% equity interest in Lenalea Wind Farm DAC ("Lenalea") from FuturEnergy Ireland Development Holdings DAC for cash consideration of €26.0m, therefore recognising Lenalea as a 100% subsidiary and disposing of its joint venture investment.

16.3 Additions and disposals of equity in the previous year

Additions in the previous year

On 10 September 2024 the Group sold a 50% equity share in SSE DE EV Hold Co Limited to form the 50:50 Source EV joint venture with TotalEnergies Marketing UK Limited for cash consideration of £16.5m. Following the completion of the transaction, both shareholders provided the joint venture with £5.1m of shareholder loans and £10.0m of equity funding.

During the year ended 31 March 2025 the Group provided equity and loans to its existing joint venture investments of £129.4m and £274.9m respectively, primarily in relation to Seagreen Holdco 1 Limited and Doggerbank Offshore Wind Farm Project 1 Holdco Limited.

There were no significant disposals in the previous year.

16.4 Principal joint ventures and associates

Under IFRS 12 "Disclosure of Interests in Other Entities", the Group has evaluated the key joint ventures and associates it holds with the purpose of disclosing any which are materially significant in order to identify the impact on the Group's financial position, performance and cash flows, whilst identifying the nature of the risks associated with these interests. A full listing of the Group's incorporated joint ventures, joint operations, associates and investments are included in the Accompanying Information (A3 [▶](#)).

Share of results of joint ventures and associates

	2026	2026	2026	2026	2025
	Wind farms £m	Thermal Generation £m	Other ⁽ⁱ⁾ £m	Total £m	Total £m
Revenue	456.9	392.3	25.3	874.5	940.9
Other income	108.7	–	–	108.7	109.7
Depreciation and amortisation	(137.0)	(34.8)	(1.2)	(173.0)	(226.0)
Other operating costs	(149.3)	(321.4)	(28.5)	(499.2)	(540.3)
Operating profit	279.3	36.1	(4.4)	311.0	284.3
Interest expense	(143.5)	(10.9)	(1.3)	(155.7)	(164.3)
Changes in fair value of derivatives	(23.6)	2.1	0.1	(21.4)	(28.1)
Corporation tax	(38.3)	(8.8)	1.2	(45.9)	(2.0)
Share of post taxation results	73.9	18.5	(4.4)	88.0	89.9
Recognised in other comprehensive income					
Cashflow hedges	(46.7)	–	–	(46.7)	(22.3)
Taxation	11.7	–	–	11.7	5.6
Other	–	–	(15.8)	(15.8)	15.8
Total comprehensive income	38.9	18.5	(20.2)	37.2	89.0

Share of joint ventures and associates' assets and liabilities

	2026	2026	2026	2026	2025
	Wind farms £m	Thermal Generation £m	Other ⁽ⁱ⁾ £m	Total £m	Total £m
Non-current assets	6,413.5	456.6	313.9	7,184.0	7,263.9
Current assets	731.4	127.0	18.0	876.4	297.9
Cash and cash equivalents	210.2	51.3	12.6	274.1	329.2
Current liabilities	(521.1)	(113.3)	(73.3)	(707.7)	(389.2)
Non-current liabilities	(5,738.8)	(229.6)	(201.3)	(6,169.7)	(6,007.5)
	1,095.2	292.0	69.9	1,457.1	1,494.3
Other adjustments	456.1	31.6	0.3	488.0	493.0
Share of net assets of joint ventures and associates	1,551.3	323.6	70.2	1,945.1	1,987.3
Shareholder loans	1,351.0	172.5	97.7	1,621.2	1,510.3
Interest in joint venture and associate	2,902.3	496.1	167.9	3,566.3	3,497.6

(i) Other comprises the investments the Group holds in Neos Networks Limited, Source EV Limited, Corran Environmental LP and Marron Activ8 Energies Limited.

Information on Group's investments in joint ventures and associates is provided at A3, A4 and A5 [▶](#).

Notes to the consolidated financial statements continued

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16. Investments continued

16.5 Joint operations

Listed are the incorporated joint operations that have a material impact on the financial position and financial results of the Group.

	Principal activity	Country of incorporation	Class of shares held	Proportion of shares held (%)	Group Interest (%)	Year end
Greater Gabbard Offshore Winds Limited	Offshore Wind farm	UK	Ordinary	50.0	50.0	31 March
Eastern Green Link 2 Limited	Power Transmission	UK	Ordinary	50.0	37.5	31 March

The Group's interest in Greater Gabbard Offshore Winds Limited is that of a joint operation designed to provide output to the parties sharing control. The liabilities of the arrangement are principally met by the parties through the contracts for the output of the wind farm.

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

The Group also has an unincorporated arrangement with Equinor under which it accounts for its 66.7% share of the Aldbrough gas storage facility owned by SSE Hornsea Limited.

16.6 Other investments held at fair value through other comprehensive income

	2026 £m	2025 £m
At 1 April	8.8	3.2
Additions in year	0.1	1.9
Disposals in year	(1.4)	(0.1)
Transfers from investments in joint ventures and associates	–	4.6
Fair value adjustment through other comprehensive income	0.1	(0.8)
At 31 March	7.6	8.8

17. Inventories

	2026 £m	2025 £m
Fuel and consumables	168.6	170.9
Certificates and allowances	277.2	268.1
Gas held in storage	23.4	57.6
Less: provisions held	(35.0)	(33.7)
	434.2	462.9

Where ROCs and Renewable Energy Guarantees of Origin ("REGOs") certificates are self-generated or purchased to fulfil the Group's environmental obligations, they are recorded within intangible assets. The value of ROCs and REGOs held in excess of the Group's environmental obligations are recorded within inventories.

The Group has expensed inventories of £415.9m within cost of sales in the year (2025: £571.9m).

18. Trade and other receivables

	2026 £m	2025 £m (restated*)
Non-current assets		
Loan note receivable and other non-current assets	232.0	199.9
Other prepayments and accrued income	372.0	247.8
	604.0	447.7
Current assets		
Trade receivables	1,370.2	1,480.2
Unbilled energy income	547.2	521.1
Other receivables	148.1	56.2
Cash posted as collateral and other deposits	25.3	19.2
Other prepayments and accrued income	939.5	618.7
	3,030.3	2,695.4
Total trade and other receivables	3,634.3	3,143.1

* The comparatives have been restated. See note 1.2.

The non-current loan note receivable and other non-current assets primarily consists of a £220.0m (2025: £193.5m) loan note payable by Ovo Group Limited by 2029. The loan note carries interest of 13.25% and is presented cumulative of accrued interest repayments, discounted at 13.25%. On 11 May 2026, subsequent to the balance sheet date, E.On announced the acquisition of Ovo's Retail business, subject to regulatory approval. Completion of the acquisition would result in the principal and accumulated interest becoming repayable in full. While considered a non-adjusting post balance sheet event in terms of classification, the Group has considered the transaction as part of its recoverability assessment. No changes to the recoverable value were made following announcement of the transaction.

Unbilled energy income represents an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. Detail of the calculation applied to estimate this balance is included at [note 4.1\(iii\)](#). A 5% sensitivity on the unbilled energy accrual would equate to an increase or decrease in the receivable balance of £13.1m (2025: £14.6m).

Cash posted as collateral includes amounts deposited on commodity trading exchanges of £13.0m (2025: £9.6m).

Trade receivables and other financial assets are part of the Group's financial exposure to credit risk as explained in accompanying information note [A6](#).

19. Trade and other payables

	2026 £m	2025 £m (restated*)
Current liabilities		
Trade payables	898.7	710.7
Contract related liabilities ⁽ⁱ⁾	158.0	127.9
Cash held as collateral	271.3	82.5
Other creditors	398.8	441.6
Deferred income and other accruals ⁽ⁱⁱ⁾	1,560.1	1,345.5
	3,286.9	2,708.2
Non-current liabilities		
Contract related liabilities ⁽ⁱ⁾	187.0	164.3
Deferred income, other creditors and accruals ⁽ⁱⁱ⁾	1,471.7	1,273.3
	1,658.7	1,437.6
Total trade and other payables	4,945.6	4,145.8

* The comparatives have been restated. See note 1.2.

(i) Current contract related liabilities includes customer contributions of £19.3m (2025: £15.1m) and non-current contract related liabilities includes customer contributions of £187.0m (2025: £164.3m).

(ii) Non-current other accruals includes government grants of £6.1m (2025: £5.6m).

Cash held as collateral relates to amounts received from commodity trading exchanges of £271.3m (2025: £82.5m).

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for the year ended 31 March 2026

20. Provisions

	Decommissioning £m	Legal and restructuring £m	Employee related £m	Other £m	Total £m
At 31 March 2024	735.7	0.4	12.8	16.2	765.1
Charged in the year	–	2.4	6.5	10.9	19.8
Decrease in decommissioning provision	(25.5)	–	–	–	(25.5)
Unwind of discount	27.2	–	–	–	27.2
Released during the year	–	–	(3.5)	–	(3.5)
Utilised during the year	(17.6)	(0.4)	(0.4)	(5.3)	(23.7)
Exchange rate adjustments	(2.8)	–	–	–	(2.8)
At 31 March 2025	717.0	2.4	15.4	21.8	756.6
Charged in the year	–	2.6	1.0	19.2	22.8
Decrease in decommissioning provision	(3.9)	–	–	–	(3.9)
Unwind of discount	34.3	–	–	–	34.3
Released during the year	–	(2.4)	(0.4)	(1.0)	(3.8)
Utilised during the year	(14.6)	–	(12.6)	(9.6)	(36.8)
Transfer to assets held for sale (note 12)	(1.3)	–	–	–	(1.3)
Transfers	–	–	(1.5)	1.5	–
Exchange rate adjustments	3.6	–	–	–	3.6
At 31 March 2026	735.1	2.6	1.9	31.9	771.5
At 31 March 2026					
Non-current	690.8	–	1.7	19.4	711.9
Current	44.3	2.6	0.2	12.5	59.6
	735.1	2.6	1.9	31.9	771.5
At 31 March 2025					
Non-current	656.3	–	8.9	10.9	676.1
Current	60.7	2.4	6.5	10.9	80.5
	717.0	2.4	15.4	21.8	756.6

Decommissioning provisions

Provision has been made for the estimated net present value of decommissioning the Group's Thermal and Renewable power generation assets, Gas Storage facilities and the 60% share of decommissioning liabilities of the Group's former Gas Production business. Cost estimates are based on forecast remediation or clean-up costs based on current technology and prices for Renewable, Thermal and Gas Storage assets and are reviewed by independent valuation experts every three years. In the intervening years, management update cost estimates based on factors arising since the last formal valuation date. Retained decommissioning costs in relation to the disposed Gas Production business are periodically agreed with the field operators. The cost estimates include a risk adjustment and are inflated to the projected decommissioning date using a market observable inflation rate. This projection is discounted using a risk-free discount rate based on UK gilt rates with maturity date similar to the expected decommissioning date.

There is a wide range of assumed decommissioning dates across the obligation due to the number of assets and their varying ages, which is summarised in the table below. Decommissioning dates are based on the useful economic lives of the individual assets based on technology and price forecasts at the balance sheet date. It is possible that the forecast decommissioning dates will change due to technology advances or decisions to repower wind farms when the current turbines reach the end of their respective lives. The date of decommissioning of the Gas Production business can vary based on hydrocarbon reserve estimates and market commodity prices, which can shorten or lengthen the economic life of the field.

Business Unit	Value of Provision 31 March 2026 £m	Number of decommissioning sites	Forecast decommissioning dates	Value of Provision 31 March 2025 £m	Number of decommissioning sites	Forecast decommissioning dates
Renewables	256.3	58	2026-2064	236.3	58	2026 – 2064
Thermal	158.9	19	2026-2050	165.0	17	2025 – 2050
Gas Storage	128.8	18 ¹	2026-2049	114.1	18 ¹	2025 – 2049
Gas Production	191.1	4 ²	2026-2044	201.6	4 ²	2025 – 2040
Total	735.1			717.0		

1 The Group has two Gas Storage assets at Aldbrough and Atwick. In total there are 18 caverns with varying economic lives, therefore the number of sites has been disclosed to more accurately reflect the scale and expected timing of decommissioning activities.

2 The Group has retained a 60% share of the decommissioning obligation for four Gas Production fields, though each field has multiple wells and shared infrastructure that the Group retains an obligation to remediate.

The Group's total decommissioning provision has increased during the year from £717.0m to £735.1m. This movement primarily reflects the unwinding of the discount on the provision, which increases the carrying value over time as expected cash outflows move closer to settlement. This increase was partially offset by utilisation of the provision during the year as decommissioning activities were undertaken. In addition, updated assumptions on the expected scope and cost of future decommissioning activities impacted the provision. Risk free discount rates increased during the year 4.9%-5.5% (2025: 4.7%-5.2%) resulting in a reduction in the present value of the provision. In addition, the long term inflation rate increased to 3.4% (2025: 3.2%), increasing the estimated nominal future cash flows.

Impact of climate change on the Group's decommissioning provisions

The Group has assessed the impact of climate change on its decommissioning provisions. There is a physical risk that due to changes in weather patterns, the projected costs in relation to decommissioning could increase. The decommissioning provision included in the table above for these assets is based on a best estimate of the costs to be incurred at the balance sheet date. In the sensitivity analysis below, a scenario has been included assuming costs will increase and this takes account of the physical climate change risk.

Sensitivity analysis

Sensitivity analysis reflecting reasonably probable fluctuations to the main assumptions used in the calculation of the decommissioning provisions is set out below:

Estimated decommissioning provision including:	2026 £m	2025 £m
Increasing the projected cost estimate by 10%	808.5	775.3
Increasing the inflation rate by 1.0%	817.2	774.2
Decreasing the discount rate by 0.5%	772.5	736.4

Employee related provisions

Employee related provisions include the Group's employer financed retirement benefit provision for certain directors and former directors and employees, which is valued in accordance with IAS 19 using assumptions consistent with the Scottish Hydro Electric Pension Scheme (see [note 23](#) for assumptions applied).

The Group Operating Model and Efficiency Review is now largely complete with £4.7m of the provisions utilised in relation to redundancy costs.

Other provisions

Other provisions include onerous contract provisions, mutualisation obligations and other contractual obligations and are calculated based on a best estimate basis. The timing of settlement of these provisions varies by obligation between 2026 and 2035.

21. Sources of finance

21.1 Capital management

The Group's objective is to maintain a strong balance sheet and credit rating to support continued access to capital markets and fund its investment programme, underpinning delivery of the Group's strategy and long term value creation. The Group monitors its capital structure using key financial metrics including, Adjusted Net Debt and Hybrid Capital together with credit metrics consistent with those used by external rating agencies.

At 31 March 2026, the Group's long term credit rating was BBB+ stable outlook for Standard and Poor's; Baa1 stable outlook for Moody's; and BBB+ stable outlook with Fitch, which is now provided on a solicited basis.

The maintenance of a medium-term corporate model is a key control in monitoring the development of the Group's capital structure and enables detailed scenario and sensitivity analysis. Key ratios derived from this analysis underpin regular reporting to the Board and include the ratios used by the rating agencies in assessing the Group's credit ratings.

The Group's debt requirements are principally met through bond issuances in Sterling and Euros, private placements and medium-term bank loans. Details of debt issued by the Group and maturity profile are included in [note 21.3](#). The Group's capital structure is supported by a range of financial instruments, including bonds, private placements, hybrid capital, equity issuances and short-term funding through its commercial paper programme. Under SSE plc's articles of association, the borrowings of the Company are limited so as to ensure that the aggregate amount of all borrowings by the Group outstanding at any time is not more than three times the capital and reserves of the Group. SSE's Adjusted Net Debt and Hybrid Capital remained stable at £10.1bn at 31 March 2026 (2025: £10.1bn (restated – see [note 1.2](#))).

The Group seeks to balance returns to shareholders through dividends and long-term capital investment for growth, while maintaining a disciplined approach to capital management within the prevailing economic environment.

On 14 November 2025 the Group issued 97.9m ordinary shares at a placement price of £20.50 per share, resulting in net proceeds of £1,978.4m (see [note 22.1](#)).

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21. Sources of finance continued

21.1 Capital management continued

At 31 March, the Group's capital is comprised of:

	2026 £m	2025 £m (restated*)
Total borrowings (excluding lease obligations)	9,664.5	10,149.4
Less: Cash and cash equivalents	(1,542.9)	(1,090.5)
Net debt (excluding Hybrid equity)	8,121.6	9,058.9
Hybrid equity	2,985.8	1,882.4
Borrowings and cash attributable to non-controlling interests	(1,258.4)	(937.9)
Cash held and posted as collateral and other deposits ⁽ⁱ⁾	246.0	63.3
Adjusted Net Debt and Hybrid Capital APM	10,095.0	10,066.7
Equity attributable to shareholders of the parent	12,663.9	10,181.6
Total capital excluding lease obligations	22,758.9	20,248.3

* The comparatives have been restated. See note 1.2.

(i) At 31 March 2026 collateral and other deposits were a net liability of £246.0m (2025: £63.3m net liability) consisting of net collateral liabilities of £258.3m (2025: £72.9m net liability) and other deposits with a maturity of more than three months of £12.3m (2025: £9.6m). The collateral movement in the current year is due to cash withdrawals from trading exchanges following increases in the variation margin on "in the money" positions.

Adjusted Net Debt and Hybrid Capital is stated after removing lease obligations, external net debt attributable to non-controlling interests and cash held and posted as collateral and other deposits with a maturity of more than three months in line with the Group's presentation basis which is explained at [note 3.1](#). The adjustment related to the non-controlling interest share of Scottish Hydro Electric Transmission plc external net debt and related SSE plc external debt is £1,258.4m at 31 March 2026 (2025: £937.9m restated) and relates to 25% of external loans of £5,073.7m (2025: £3,758.8m restated) net of cash and cash equivalents of £40.2m (2025: £7.3m). This adjustment was increased from £817.9m to £937.9m at 31 March 2025, reflecting the change of definition referred to at [note 3.1](#).

21.2 Loans and other borrowings

	2026 £m	2025 £m (restated*)
Current		
Short term loans	1,124.6	1,895.5
Lease obligations	79.8	68.5
	1,204.4	1,964.0
Non-current		
Loans	8,539.9	8,253.9
Lease obligations	376.9	386.5
	8,916.8	8,640.4
Total loans and borrowings	10,121.2	10,604.4
Cash and cash equivalents	(1,542.9)	(1,090.5)
Unadjusted net debt	8,578.3	9,513.9
Add/(less):		
Hybrid equity	2,985.8	1,882.4
Borrowings and cash attributable to non-controlling interest holders	(1,258.4)	(937.9)
Lease obligations	(456.7)	(455.0)
Cash held and (posted) as collateral and other deposits	246.0	63.3
Adjusted Net Debt and Hybrid Capital APM	10,095.0	10,066.7

* The comparatives have been restated. See note 1.2.

21.3 Borrowing facilities

The Group maintains a diversified portfolio of funding sources, including committed bank facilities, bond issuances, a €1.5bn commercial paper programme and private placements to support its liquidity requirements and investment programme. At 31 March 2026, £501.2m of the Group's €1.5bn commercial paper programme was outstanding (2025: £890.5m).

At 31 March 2026, the Group had access to a total of £5.0bn of committed facilities (2025: £3.0bn), comprising revolving credit facilities and other committed arrangements. During the year, Scottish Hydro Electric Transmission plc agreed £2.0bn of new ECA and National Wealth Fund guaranteed facilities. As at 31 March 2026 there were no drawings on the revolving credit facilities (2025: Scottish Hydro Electric Transmission plc utilisation £340m and SSE plc utilisation £nil) or the new ECA and National Wealth Fund facilities.

The committed facilities are in place to ensure the Group has sufficient liquidity headroom when making significant capital investment. The £1.5bn revolving credit facility for SSE plc is in place to provide back-up to the commercial paper programme and support the Group's capital expenditure plans. The £3.5bn Scottish Hydro Electric Transmission plc facilities are in place to support the capital expenditure and working capital during a period of significant capital growth for the business.

On 31 March 2026, SSE plc signed an additional commitment letter which allows SSE plc to enter a £1.5bn committed facility between 31 March 2026 and 30 June 2026.

The revolving credit facilities include sustainability-linked features which may or may not adjust the interest margin applicable. The rate of interest is calculated annually, subject to fulfilling certain ESG KPIs and applied prospectively. At 31 March 2026, these features had no impact on the carrying value of the borrowings.

Under the terms of its revolving credit and private placement borrowing facilities, the Group is subject to the following financial covenants:

- **Interest Cover Ratio:** The Group shall procure that the ratio of Operating Profit to Net Interest Payable for any relevant period is not less than 2.5 to 1.
- **Net debt to Regulatory Asset Value:** Scottish Hydro Electric Transmission plc shall procure that the consolidated net debt to Regulatory Asset Value does not at any time exceed 0.80 to 1.00 as assessed by their financial statements.

The Group and Scottish Hydro Electric Transmission plc complied with all covenants throughout the year.

During the year to 31 March 2026, SSE plc issued a total of £1.6bn of new borrowings, including £1.1bn of dual-tranche equity accounted hybrid bonds (see [note 22.5](#)) and £0.5bn of commercial paper rolled at maturity. Scottish Hydro Electric Transmission plc issued a total of £1.1bn of new external debt instruments across four issuances. A total of £2.2bn of instruments matured in the period, including £1.0bn of SSE plc Eurobonds, £0.9bn of SSE plc commercial paper and £0.3bn of Scottish Hydro Electric Transmission plc debt instruments.

On 7 April 2026, subsequent to the balance sheet date, SSE plc issued a €400m (£346m) two-year floating rate note.

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

21. Sources of finance continued

21.3 Borrowing facilities continued

Analysis of borrowings

	2026	2026	2026	2026	2025	2025	2025	2025
	Weighted average interest rate ^(iv)	Face value £m	Fair value £m	Carrying amount £m	Weighted average interest rate ^(iv)	Face value £m	Fair value £m	Carrying amount £m
Current								
Bank loans – non amortising ⁽ⁱ⁾	2.2%	300.0	296.6	300.0	–	–	–	–
Other Short term loans – non amortising ⁽ⁱⁱ⁾	2.4%	502.2	503.7	501.2	5.0%	901.7	906.6	890.5
1.250% Eurobond repayable 16 April 2025	–	–	–	–	1.3%	531.4	531.2	531.4
0.875% €600m Eurobond repayable 8 September 2025 ^(v)	–	–	–	–	0.9%	502.6	499.2	502.4
US Private Placement 8 June 2026	3.1%	64.0	64.4	64.0	–	–	–	–
US Private Placement 6 September 2026	3.2%	247.1	259.0	246.9	–	–	–	–
Within one year		1,113.3	1,123.7	1,112.1		1,935.7	1,937.0	1,924.3
Fair value adjustment ⁽ⁱⁱⁱ⁾				12.5				(28.8)
Total current borrowings		1,113.3	1,123.7	1,124.6		1,935.7	1,937.0	1,895.5
Non-Current								
Bank loans – non amortising ⁽ⁱ⁾	4.6%	450.0	460.0	450.0	3.5%	500.0	493.1	500.0
Other loans – non amortising ⁽ⁱⁱ⁾	–	–	–	–	4.8%	340.0	340.0	340.0
US Private Placement 8 June 2026	–	–	–	–	3.1%	64.0	63.0	63.8
US Private Placement 6 September 2026	–	–	–	–	3.2%	247.1	258.9	246.2
US Private Placement 6 September 2027	3.2%	35.0	34.0	34.9	3.2%	35.0	33.3	34.8
1.375% €650m Eurobond repayable 4 September 2027 ^(vi) (vii)	1.4%	591.4	576.0	591.1	1.4%	591.4	573.7	590.9
1.50% Eurobond repayable 24 March 2028 ^(v)	1.5%	250.0	234.0	249.7	1.5%	250.0	227.5	249.5
8.375% Eurobond repayable on 20 November 2028	8.4%	500.0	538.7	498.9	8.4%	500.0	554.3	498.5
2.875% Eurobond repayable 1 August 2029 ^(v)	2.9%	567.6	560.0	566.8	2.9%	544.5	539.3	543.3
1.750% Eurobond repayable 16 April 2030 ^(v)	1.8%	442.9	413.9	442.9	–	–	–	–
Between two and five years		2,836.9	2,816.6	2,834.3		3,072.0	3,083.1	3,067.0
1.750% Eurobond repayable 16 April 2030 ^(viii)	–	–	–	–	1.8%	442.9	413.9	442.9
5.50% Eurobond repayable on 7 June 2032	5.5%	350.0	351.8	350.1	5.5%	350.0	353.1	350.1
Private Placement 30 June 2032	3.1%	175.0	154.6	175.0	3.1%	175.0	152.1	175.0
2.25% Eurobond repayable 27 September 2035 ^(v)	2.3%	350.0	262.1	348.0	2.3%	350.0	252.4	347.8
2.125% Eurobond repayable 24 March 2036 ^(v)	2.1%	250.0	180.2	248.8	2.1%	250.0	175.4	248.7
4.625% Eurobond repayable on 20 February 2037	4.6%	325.0	289.6	324.4	4.6%	325.0	288.5	324.3
Private Placement 30 June 2037	3.2%	175.0	136.7	175.0	3.2%	175.0	135.5	175.0
6.25% Eurobond repayable on 27 August 2038	6.3%	350.0	350.5	348.0	6.3%	350.0	350.7	347.9
4.454% Index linked loan repayable on 27 February 2044	4.5%	159.6	180.5	159.3	4.5%	164.7	186.4	164.3
1.429% Index linked bond repayable on 20 October 2056	1.4%	204.7	132.8	204.7	1.4%	195.5	134.3	195.5
4.00% €750m Eurobond repayable 5 September 2031 ^(v) (ix)	4.0%	655.0	664.5	653.7	4.0%	628.2	646.5	626.8
5.50% £500m Eurobond maturing 15 January 2044 ^(v)	5.5%	500.0	442.6	493.3	5.5%	500.0	448.3	493.0
3.375% €950m Eurobond repayable 4 September 2032 ^(v) (x)	3.4%	802.0	782.7	800.5	3.4%	715.3	702.7	713.6
Private Placement 26 June 2034	4.7%	111.3	106.2	111.3	4.7%	111.3	107.8	111.3
Private Placement 19 July 2039	5.6%	30.0	28.4	30.0	5.6%	30.0	28.4	30.0
3.50% €600m Eurobond repayable 18 March 2032 ^(v) (xi)	3.5%	524.0	516.2	521.4	3.5%	503.5	501.3	500.5
3.375% €750m Eurobond maturing 2 November 2033 ^(v) (xi)	3.4%	647.7	627.9	646.2	–	–	–	–
Private Placement 11 February 2036	5.0%	112.7	109.4	112.7	–	–	–	–
Over five years		5,722.0	5,316.7	5,702.4		5,266.4	4,877.3	5,246.7
Fair value adjustment ⁽ⁱⁱⁱ⁾				3.2				(59.8)
Total non-current borrowings		8,558.9	8,133.3	8,539.9		8,338.4	7,960.4	8,253.9
Total borrowings		9,672.2	9,257.0	9,664.5		10,274.1	9,897.4	10,149.4

Note: The Sterling-equivalent fair value reflects the fair value of non-Sterling denominated borrowings, post the impact of the hedges noted below.

(i) Balances include term loans and EIB debt and is a mixture of fixed and floating rate debt.

(ii) Balances include Commercial Paper and facility advances (£501.2m of Commercial Paper). At 31 March 2026, Scottish Hydro Electric Transmission plc had no drawings under its £1.5bn revolving credit facility (2025: £340.0m). The £340.0m drawn at 31 March 2025 was 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.

(iii) 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.

(iv) The weighted average interest rates (including the effect of interest rate swaps) for the year ended 31 March 2026 was 3.79% (2025: 3.85%).

(v) Bonds have been issued under the Group's Sustainability Financing Framework (previously the Group's Green Bond Framework).

(vi) The 1.375% €650m Eurobond maturing 4 September 2027 has been swapped to Sterling giving an effective interest rate of 2.56%.

(vii) The 1.750% €500m Eurobond maturing 16 April 2030 has been swapped to Sterling giving an effective interest rate of 2.89%.

(viii) The 4.0% €750m Eurobond maturing 5 September 2031 has been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.

(ix) The 3.375% €950m Eurobond maturing 4 September 2032 has been swapped to Sterling giving an effective interest rate of 4.91%.

(x) The 3.50% €600m Eurobond maturing 18 March 2032 has predominantly been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.

(xi) The 3.375% €750m Eurobond maturing 2 November 2033 has been swapped to Sterling giving an effective interest rate of 5.20%.

Lease liabilities

Amounts charged under lease arrangements are detailed within [note 6](#), and right of use assets recognised under lease arrangements are detailed within [note 14](#).

	2026 £m	2025 £m
At 1 April	455.0	407.5
Additions during the year	74.9	139.8
Disposals during the year	(8.9)	(12.3)
Unwind of discount	24.1	26.9
Repayment in the year	(86.9)	(106.9)
Transferred to liabilities held for sale	(1.5)	–
At 31 March	456.7	455.0

The weighted average incremental borrowing rate applied to lease liabilities during the year was 5.12% (2025: 4.95%). Incremental borrowing rates applied to individual lease additions in the year ranged between 3.75% to 7.34% (2025: 3.85% to 7.46%). The Group has additional committed payments under short term and low value leases at 31 March 2026 of £14.0m (2025: £14.3m).

The maturity of future lease liabilities are as follows:

	2026 £m	2025 £m
Within one year	86.8	75.2
Between one and five years	223.2	233.5
After five years	390.1	403.2
	700.1	711.9
Less: future finance charge	(243.4)	(256.9)
Present value of lease obligations	456.7	455.0

21.4 Reconciliation of net increase in cash and cash equivalents to movement in Adjusted Net Debt and Hybrid Capital

	2026 £m	2025 £m (restated*)
Increase in cash and cash equivalents	452.4	54.6
(Less)/add:		
New borrowing proceeds	(1,595.3)	(2,592.2)
New Hybrid equity proceeds	(1,103.4)	–
Repayment of borrowings	2,294.2	1,055.3
Non-cash movement on borrowings	(214.0)	113.7
Increase in borrowings and cash attributable to non-controlling interest holders	320.5	252.7
(Increase)/decrease in cash held and posted as collateral and other deposits	(182.7)	289.9
Increase in Adjusted Net Debt and Hybrid Capital APM	(28.3)	(826.0)

* The comparatives have been restated. See note 1.2.

Cash held and posted as collateral refers to amounts received and deposited on commodity trading exchanges which are reported within "Trade and other payables" and "Trade and other receivables" respectively on the face of the balance sheet, as well as other deposits with a maturity of more than 3 months.

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21. Sources of finance continued

21.5 Reconciliation of movements in financing liabilities

	Financing cash flows				Non-cash movements					At 31 March 2026 £m
	At 31 March 2025 £m	New borrowings £m	Repayment of borrowings £m	Repayment of lease creditor £m	Fair value movements £m	Foreign exchange movements £m	Lease liabilities £m	Re-classification £m	Other £m	
Financing liabilities										
Bank loans	500.0	250.0	–	–	–	–	–	(300.0)	–	450.0
Private placement	852.2	112.7	–	–	(9.5)	–	–	(310.0)	0.1	645.5
Fixed rate Eurobonds	6,201.9	734.4	–	–	72.5	70.3	–	–	1.4	7,080.5
Index linked loans	359.8	–	(11.2)	–	–	–	–	–	15.3	363.9
Other loans – non amortising	340.0	–	(340.0)	–	–	–	–	–	–	–
Total long term borrowings	8,253.9	1,097.1	(351.2)	–	63.0	70.3	–	(610.0)	16.8	8,539.9
Bank loans	–	–	–	–	–	–	–	300.0	–	300.0
Fixed rate Eurobonds	1,005.0	–	(1,052.5)	–	28.8	18.6	–	–	0.1	–
Other short term loans – non amortising	890.5	498.2	(890.5)	–	–	3.0	–	–	–	501.2
US private placement	–	–	–	–	12.5	–	–	310.0	0.9	323.4
Total short term borrowings	1,895.5	498.2	(1,943.0)	–	41.3	21.6	–	610.0	1.0	1,124.6
	10,149.4	1,595.3	(2,294.2)	–	104.3	91.9	–	–	17.8	9,664.5
Lease liabilities	455.0	–	–	(86.9)	–	–	88.6	–	–	456.7
Total loans and borrowings	10,604.4	1,595.3	(2,294.2)	(86.9)	104.3	91.9	88.6	–	17.8	10,121.2
Assets held to hedge long term borrowings	48.2	–	–	–	(122.1)	–	–	–	–	(73.9)
	10,652.6	1,595.3	(2,294.2)	(86.9)	(17.8)	91.9	88.6	–	17.8	10,047.3

	Financing cash flows				Non-cash movements					At 31 March 2025 £m
	At 31 March 2024 £m	New borrowings £m	Repayment of borrowings £m	Repayment of lease creditor £m	Fair value movements £m	Foreign exchange movements £m	Lease liabilities £m	Re-classification £m	Other £m	
Financing liabilities										
Bank loans	499.9	–	–	–	–	–	–	–	0.1	500.0
Private placement	770.2	141.3	–	–	(60.2)	–	–	–	0.9	852.2
Fixed rate Eurobonds	6,059.7	1,220.4	–	–	(4.8)	(25.7)	–	(1,043.6)	(4.1)	6,201.9
Index linked loans	357.8	–	(10.8)	–	–	–	–	–	12.8	359.8
Other loans – non amortising	–	340.0	–	–	–	–	–	–	–	340.0
Total long term borrowings	7,687.6	1,701.7	(10.8)	–	(65.0)	(25.7)	–	(1,043.6)	9.7	8,253.9
Fixed rate Eurobonds	–	–	–	–	(30.4)	(10.4)	–	1,043.6	2.2	1,005.0
Other short term loans – non amortising	840.4	890.5	(840.4)	–	–	–	–	–	–	890.5
US private placement	198.2	–	(204.1)	–	5.9	–	–	–	–	–
Total short term borrowings	1,038.6	890.5	(1,044.5)	–	(24.5)	(10.4)	–	1,043.6	2.2	1,895.5
	8,726.2	2,592.2	(1,055.3)	–	(89.5)	(36.1)	–	–	11.9	10,149.4
Lease liabilities	407.5	–	–	(106.9)	–	–	154.4	–	–	455.0
Total loans and borrowings	9,133.7	2,592.2	(1,055.3)	(106.9)	(89.5)	(36.1)	154.4	–	11.9	10,604.4
Assets held to hedge long term borrowings	18.5	–	–	–	29.7	–	–	–	–	48.2
	9,152.2	2,592.2	(1,055.3)	(106.9)	(59.8)	(36.1)	154.4	–	11.9	10,652.6

22. Equity

22.1 Share capital

	2026		2025	
	Number (millions)	£m	Number (millions)	£m
Allotted, called up and fully paid:				
At 1 April	1,111.2	555.6	1,096.2	548.1
Issue of shares	104.3	52.1	15.0	7.5
At 31 March	1,215.5	607.7	1,111.2	555.6

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

On 14 November 2025 the Group issued 97.9m ordinary shares at a placement price of £20.50 per share, resulting in gross proceeds of £2,007.3m. Transaction costs, which were directly attributable to the issuance, have been deducted from share premium in line with IAS 32 and therefore the Group recognised net proceeds of £1,978.4m from this share issuance.

Shareholders were able to elect to receive ordinary shares in place of the final dividend of 43.0p per ordinary share (in relation to year ended 31 March 2025) and the interim dividend of 21.4p (in relation to the current year) under the terms of the Company's scrip dividend scheme. This resulted in the issue of 1.4m and 5.0m new fully paid ordinary shares respectively (2025: 12.2m and 2.8m). In addition, the Company issued 1.4m (2025: 1.7m) shares during the year to satisfy awards to employees under certain employee share schemes (all of which were settled by shares held in Treasury) for a consideration of £17.4m (2025: £17.8m).

The scrip dividend take-up for the prior financial year was 9.7%, which was below the 25.0% required by the share buyback programme, therefore no share buybacks occurred during the current year. In the year ended 31 March 2025 3.8m shares were repurchased for total consideration of £71.7m (including stamp duty and commission).

Of the 1,215.5m shares in issue, 3.3m are held as treasury shares. These shares will be held by SSE plc and used to satisfy awards to employees under certain employee share schemes.

During the year, on behalf of the Company, the employee share trust purchased 1.0m shares for a total consideration of £25.4m (2025: 0.8m shares, consideration of £14.1m) to be held in trust for the benefit of employee share schemes. At 31 March 2026, the trust held 6.1m shares (2025: 6.7m) which had a market value of £159.5m (2025: £107.1m).

22.2 Capital redemption reserve

The capital redemption reserve comprises the value of shares redeemed or purchased and cancelled by the Company from distributable profits.

22.3 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.

22.4 Translation reserve

Comprises exchange translation differences on foreign currency net investments offset by exchange translation differences on borrowings and derivatives classified as net investment hedges under IAS 39.

22.5 Hybrid Equity

	2026 £m	2025 £m
GBP 600m 3.74% perpetual subordinated capital securities ⁽ⁱ⁾	598.0	598.0
EUR 500m 3.125% perpetual subordinated capital securities ⁽ⁱ⁾	453.0	453.0
EUR 1,000m 4.00% perpetual subordinated capital securities ⁽ⁱⁱ⁾	831.4	831.4
EUR 800m 4.00% perpetual subordinated capital securities ⁽ⁱⁱⁱ⁾	678.9	–
EUR 500m 4.50% perpetual subordinated capital securities ⁽ⁱⁱⁱ⁾	424.5	–
	2,985.8	1,882.4

(i) 2 July 2020 £600m and €500m Hybrid Capital Bonds

The hybrid capital bonds issued in July 2020 have no fixed redemption date, but the Company may, at its sole discretion, redeem all but not part of the capital securities at their principal amount. The date for the first potential discretionary redemption of the £600m hybrid bond is 14 April 2026 and then every 5 years thereafter. The date for the first potential discretionary redemption of the €500m hybrid capital bond is 14 July 2027 and then every 5 years thereafter. For the £600m hybrid the discretionary coupon payments are made annually on 14 April and for the €500m hybrid the coupon payments are made annually on 14 July.

(ii) 12 April 2022 €1,000m Hybrid Capital Bonds

The hybrid capital bond issued in April 2022 has no fixed redemption date, but the Company may, at its sole discretion, redeem all but not part of the capital securities at their principal amount. The date for the first potential discretionary redemption is 21 April 2028 and then every 5 years thereafter. The discretionary hybrid coupon payments are made annually on 22 April.

Notes to the consolidated financial statements continued

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22. Equity continued

22.5 Hybrid Equity continued

(iii) 12 June 2025 €800m and €500m Hybrid Capital Bonds

The hybrid capital bonds issued in June 2025 have no fixed redemption dates, but the Company may, at its sole discretion, redeem all but not part of the capital securities at their principal amount. The date for the first potential redemption for the €800m hybrid capital bond is 19 September 2030, and for the €500m bond is 19 June 2033, then every five years thereafter. The discretionary hybrid coupon payments are made annually on 19 September and 19 June respectively.

Coupon payments

In relation to the €600m hybrid equity bond a discretionary coupon payment of £22.4m (2025: £22.4m) was made on 14 April 2025, for the €500m hybrid equity bond a discretionary coupon payment of £16.5m (2025: £16.5m) was made on 14 July 2025 and for the €1bn hybrid equity bond a discretionary payment of £34.0m was paid on 22 April 2025 (2025: £34.8m). The first discretionary coupon payment on the new hybrid equity bonds will occur on 19 June 2026 for the €500m hybrid equity bond and 19 September 2026 for the €800m hybrid equity bond.

The coupon payments in the year to 31 March 2026 consequently totalled £72.9m (2025: £73.7m).

The Company has the option to defer coupon payments on the bonds on any relevant payment date, as long as a dividend on the ordinary shares has not been declared. Deferred coupons shall be satisfied only on redemption; or on a dividend payment on ordinary shares, both of which occur at the sole option of the Company. Interest will accrue on any deferred coupon.

22.6 Equity attributable to non-controlling interests

This relates to equity attributable to non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group. At 31 March 2026 the amount attributable to non-controlling interests is £751.6m (2025: £628.8m), which relates to Scottish Hydro Electric Transmission of £713.4m (2025: £589.6m) and SSE Pacifico £38.2m (2025: £39.2m). The profit attributable to non-controlling interests for the year ended 31 March 2026 is £130.0m (2025: £69.8m), which relates to Scottish Hydro Electric Transmission £130.3m (2025: £70.6m) and SSE Pacifico £0.3m loss (2025: £0.8m loss).

Details regarding Scottish Hydro Electric Transmission's principal activity and country of incorporation are included in [A3](#).

Scottish Hydro Electric Transmission's summary financial information is as follows:

	2026 £m	2025 £m (restated*)
Non-current assets	9,052.1	6,936.2
Current assets	636.0	210.0
Current liabilities	(1,737.3)	(399.8)
Non-current liabilities	(5,129.3)	(4,424.2)
	2,821.5	2,322.2
	2026 £m	2025 £m
Revenue	1,210.3	807.0
Operating profit	770.3	435.5
Net finance costs	(47.0)	(60.3)
Profit before taxation	723.3	375.2
Taxation	(201.1)	(110.8)
Profit for the year after taxation	522.2	264.4

The summary financial information provided above is presented without Group eliminations, including £1.0bn (2025: £480.0m) of internal loans, consolidation and re-measurement adjustments, and deferred taxation, which have been eliminated to calculate the non-controlling interest for adjusted profit.

	2026 £m	2025 £m (restated*)
Profit for the year after taxation	522.2	264.4
add/(less):		
Consolidation adjustments	(19.5)	(0.8)
Re-measurement movement on financing derivatives	(7.4)	–
Deferred taxation	258.0	165.4
	753.3	429.0
Adjusted net profit attributable to 25% non-controlling interest	188.3	107.3

In addition to the net profit after tax attributable to the Scottish Hydro Electric Transmission non-controlling interest holders of £188.3m (2025: £107.3m) shown above, the Group's APM also reflects £0.3m of a loss (2025: £0.8m loss) attributable to the SSE Pacifico non-controlling interest holders.

* The comparatives have been restated. See note 1.2.

23. Retirement benefit obligations

The Group has two funded final salary pension schemes which provide defined benefits based on final pensionable pay. The schemes are subject to independent valuations at least every three years. The future benefit obligations are valued by actuarial methods based on an appropriate assessment of the relevant parameters.

The Group provides pension benefits to most UK colleagues through SSE Pensions+, a defined contribution master trust agreement with Aviva. The Group generally matches employee contributions up to 6%, and provides additional contributions of 3% after two years and a further 3% after ten years continuous Group service. The Group also operates other pension arrangements, including a defined contribution master trust agreement with Zurich in the Republic of Ireland and an Unfunded Unapproved Retirement Benefit Scheme.

The Group presents its pension scheme valuations under two different measurement bases, a formal actuarial valuation and an IAS 19 valuation as required by accounting standards. The IAS 19 valuation is used to determine the assets and obligations recognised in the Group's consolidated balance sheet and is calculated annually by scheme actuaries, whereas the formal actuarial valuation is used to determine the contributions the Group makes to each scheme. The actuarial valuation is recalculated for each scheme every three years.

Actuarial valuations

The individual pension scheme details based on the latest formal actuarial valuations are as follows:

	Scottish Hydro Electric	SSE Southern
Latest formal actuarial valuation	31 March 2024	31 March 2025
Valuation carried out by	Hymans Robertson	Aon
Value of assets based on valuation	£1,376.3m	£1,525.4m
Value of liabilities based on valuation	£1,146.1m	£1,524.3m
Valuation method adopted	Projected Unit	Projected Unit
Average salary increase	RPI+0.25%	RPI+0.25%
Average pension increase	RPI	RPI
Value of fund assets/accrued benefits	120.1%	100.1%

Future contributions

Scottish Hydro Electric Pension Scheme

The last triennial actuarial valuation of the scheme was carried out at 31 March 2024 and showed a surplus of £230.2m on a projected unit basis. Following this valuation, the Group agreed to a new schedule of contributions which does not require contributions to be paid to the scheme, unless there is a sustained deficit for two successive quarters on the trustees' long term funding basis. Consequently, the Group has not made contributions to the scheme in the year ending 31 March 2026 and does not expect to make any contributions during the year ended 31 March 2027. The next triennial funding valuation will be carried out as at 31 March 2027.

SSE Southern Group of the Electricity Supply Pension Scheme

The last triennial actuarial valuation of the scheme was carried out at 31 March 2025 and showed a surplus of £1.1m on a projected unit basis. Following this valuation, the Group agreed to a new schedule of contributions which provides for contributions to be paid in respect of current accrual and expenses only. The next funding valuation will be carried out as at 31 March 2028. Total contributions of approximately £7.7m are expected to be paid by the Group during the year ending on 31 March 2027, which includes the final deficit payment made under the previous recovery plan of £1.3m in April 2026.

During the year ending 31 March 2026, the Group paid deficit contributions of £16.0m (2025: £15.5m).

Pension summary as measured under IAS 19:

	Scheme type	Net actuarial (loss)/gain recognised in respect of the pension asset in the statement of comprehensive income		Net pension asset	
		2026 £m	2025 £m	2026 £m	2025 £m
Scottish Hydro Electric	Defined benefit	(2.1)	7.7	364.3	353.7
SSE Southern	Defined benefit	(78.6)	45.1	95.5	148.1
		(80.7)	52.8	459.8	501.8

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23. Retirement benefit obligations continued

IFRIC 14 surplus restrictions

As a result of the Group and the trustees to the Scottish Hydro Electric Pension Scheme agreeing in 2016/17 to an amendment to the scheme rules to clarify that the Company has a clear right to any surplus upon final winding up of the scheme, there are no restrictions on recognition of the scheme surplus. The net pension asset of the Scottish Hydro Electric Scheme at 31 March 2026 was £364.3m (2025: £353.7m).

At 31 March 2026, the SSE Southern Pension Scheme has a net surplus of £95.5m (2025: £148.1m), and unrecognised future contributions of £7.7m (2025: £32.0m). The Group has assessed that it has the right to recognise the current and any future surpluses on the scheme, therefore has not recognised a liability for future unrecoverable contributions.

Other matters

In July 2024 the Court of Appeal upheld the 16 June 2023 High Court ruling in respect of Virgin Media v NTL Pension Trustees II Limited (and others) calling into question the validity of rule amendments made to defined benefit pension schemes contracted-out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. Relevant amendments to these pension schemes over this time required confirmation from the Scheme Actuary that the Reference Scheme Test would continue to be met. In the absence of such a confirmation, the Rule amendment would be void.

In May 2026, the UK Government introduced legislation as part of the Pension Schemes Act 2026 to enable pension schemes to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Any subsequent developments are being monitored by the Group and the pension scheme trustees. The defined benefit obligation for the Group's schemes has been calculated on the basis of the pension benefits currently being administered.

23.1 Pension scheme assumptions

Both schemes have been updated to 31 March 2026 by qualified independent actuaries. The valuations have been prepared for the purposes of meeting the requirements of IAS 19. The major assumptions used by the actuaries in both schemes were:

	At 31 March 2026	At 31 March 2025
Rate of increase in pensionable salaries	3.5%	3.3%
Rate of increase in pension payments	3.3%	3.0%
Discount rate	6.2%	5.8%
Inflation rate	3.3%	3.0%

The assumptions relating to longevity underlying the pension liabilities at 31 March 2026 are based on standard actuarial mortality tables, and include an allowance for future improvements in longevity. The assumptions, equivalent to future longevity for members in normal health at age 65, are as follows:

Scottish Hydro Electric

	At 31 March 2026		At 31 March 2025	
	Male	Female	Male	Female
Currently aged 65	22	24	22	24
Currently aged 45	23	26	24	26

SSE Southern

	At 31 March 2026		At 31 March 2025	
	Male	Female	Male	Female
Currently aged 65	23	25	22	25
Currently aged 45	24	26	24	25

23.2 Sensitivity analysis

The impact on the schemes' liabilities of changing certain of the major assumptions is as follows:

Scottish Hydro Electric

	At 31 March 2026		At 31 March 2025	
	Increase/ decrease in assumption	Effect on scheme's liabilities	Increase/ decrease in assumption	Effect on scheme's liabilities
Rate of increase in pensionable salaries	0.1%	+/- 0.1%	0.1%	+/- 0.1%
Rate of increase in pension payments	0.1%	+/- 0.6%	0.1%	+/- 0.6%
Discount rate	0.1%	+/- 0.6%	0.1%	+/- 0.6%
Longevity	1 year	+/- 1.9%	1 year	+/- 1.9%

SSE Southern

	At 31 March 2026		At 31 March 2025	
	Increase/ decrease in assumption	Effect on scheme's liabilities	Increase/ decrease in assumption	Effect on scheme's liabilities
Rate of increase in pensionable salaries	0.1%	+/- 0.1%	0.1%	+/- 0.1%
Rate of increase in pension payments	0.1%	+/- 1.1%	0.1%	+/- 1.2%
Discount rate	0.1%	+/- 1.1%	0.1%	+/- 1.2%
Longevity	1 year	+/- 3.2%	1 year	+/- 3.0%

23.3 Valuation of combined pension schemes

	Quoted £m	Unquoted £m	Value at 31 March 2026 £m	Quoted £m	Unquoted £m	Value at 31 March 2025 £m
Equities	148.7	–	148.7	173.2	–	173.2
Government bonds	998.3	–	998.3	1,180.6	–	1,180.6
Insurance contracts ⁽ⁱ⁾	–	432.4	432.4	–	454.4	454.4
Other investments	1,138.5	–	1,138.5	942.1	–	942.1
Total fair value of plan assets	2,285.5	432.4	2,717.9	2,295.9	454.4	2,750.3
Present value of defined benefit obligation			(2,258.1)			(2,248.5)
Surplus in the schemes			459.8			501.8
Deferred tax thereon ⁽ⁱⁱ⁾			(115.0)			(125.5)
Net pension asset			344.8			376.3

(i) See details of valuations of insurance contracts in note 23.7(ii).

(ii) Deferred tax rate of 25% (2025: 25%) applied to net pension surplus position.

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23. Retirement benefit obligations continued

23.4 Movements in the combined defined benefit assets and obligations during the year

	2026			2025		
	Assets £m	Obligations £m	Total £m	Assets £m	Obligations £m	Total £m
At 1 April	2,750.3	(2,248.5)	501.8	3,015.2	(2,593.6)	421.6
Included in income statement						
Current service cost	–	(14.4)	(14.4)	–	(15.0)	(15.0)
Past service cost	–	(1.4)	(1.4)	–	(4.7)	(4.7)
Interest income/(cost)	154.0	(124.6)	29.4	141.3	(120.6)	20.7
	154.0	(140.4)	13.6	141.3	(140.3)	1.0
Included in other comprehensive income						
Actuarial (loss)/gain arising from:						
Demographic assumptions	–	(11.2)	(11.2)	–	20.9	20.9
Financial assumptions	–	46.5	46.5	–	288.5	288.5
Experience assumptions	–	(82.2)	(82.2)	–	1.9	1.9
Return on plan assets excluding interest income	(33.8)	–	(33.8)	(258.5)	–	(258.5)
	(33.8)	(46.9)	(80.7)	(258.5)	311.3	52.8
Other						
Contributions paid by the employer	26.5	–	26.5	26.4	–	26.4
Scheme participant's contributions	0.1	(0.1)	–	0.1	(0.1)	–
Benefits paid	(179.2)	177.8	(1.4)	(174.2)	174.2	–
	(152.6)	177.7	25.1	(147.7)	174.1	26.4
Balance at 31 March	2,717.9	(2,258.1)	459.8	2,750.3	(2,248.5)	501.8

23.5 Pension scheme contributions and costs

Charges/(credits) recognised:

	2026 £m	2025 £m
Service costs (charged to operating profit)	15.8	19.7
(Credited)/charged to finance costs:		
Interest from pension scheme assets	(154.0)	(141.3)
Interest on pension scheme liabilities	124.6	120.6
	(29.4)	(20.7)

The return on pension scheme assets is as follows:

	2026 £m	2025 £m
Return/(loss) on pension scheme assets	120.2	(117.2)

Defined contribution scheme

The total contribution paid by the Group to defined contribution pension schemes was £116.7m (2025: £98.8m).

Unfunded Unapproved Retirement Benefit Scheme ("UURBS") pension costs

The decrease during the year ended 31 March 2026 in relation to UURBS was £7.2m (2025: decrease of £3.6m). This is included in Employee related provisions (note 20).

Staff costs analysis

The pension costs in note 8 can be analysed as follows:

	2026 £m	2025 £m
Service costs	15.8	19.7
Defined contribution scheme payments	116.7	98.8
	132.5	118.5

23.6 Pension scheme risk assessment and mitigation

Risks to which the Pension Schemes exposes the Group

The nature of the Group's defined benefit pension schemes expose the Group to the risk of paying unanticipated additional contributions to the schemes in times of adverse experience. The most financially significant risks are likely to be:

(i) Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The schemes hold a proportion of growth assets (equities and property) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the schemes' long term objectives. The Scottish Hydro Electric Pension Scheme has a much lower proportion of growth assets than the SSE Southern Pension Scheme reflecting the maturity of each scheme.

(ii) Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the schemes' liabilities for accounting purposes. However, this will be partially offset by an increase in the value of the schemes' bond holdings and its interest rate hedging in both schemes.

(iii) Inflation risk

The majority of the schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). However, this will be substantially offset by the inflation hedging in both schemes.

(iv) Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the members, so an increase in the life expectancy will result in an increase in the liabilities. The sensitivity analysis disclosed is intended to provide an indication of the impact on the value of the schemes' liabilities of the risks highlighted.

(v) Liability versus asset risk

The risk that movement in the value of the schemes' liabilities are not met by corresponding movements in the value of the schemes' assets will expose the Group to movements in the overall funding surplus.

23.7 Risk mitigation

(i) De-risking

The trustees have taken a number of steps to control the level of investment risk including reducing the Schemes' exposures to higher risk assets and increasing the level of protection against adverse movements in interest rates and inflation. The trustees of both schemes continue to review the risk exposures in light of the longer term objectives of the respective schemes, including consideration of the impact of climate-related risk. Detailed below are further details on the hedging of pensioner longevity risk.

(ii) Asset buy-in

The Scottish Hydro Electric Pension Scheme entered into two asset buy-in insurance policies in 2018 and 2019 which covered all pensions in payment prior to 1 October 2019. These asset buy-ins are valued under the accounting principles of IFRS 13 and are considered a Level 3 instrument in the fair value hierarchy. The Group has now insured against volatility in obligations related to all pensioners who retired before 1 October 2019 to third parties (insurer PIC) and is now only exposed to valuation fluctuations related to active and deferred members and any members who retired after 1 October 2019.

(iii) Asset-liability matching strategies used by the Scheme

The Group and trustees of the schemes have agreed a long term investment strategy that seeks to reduce investment risk as and when appropriate. The asset-liability matching strategy is part of this approach which aims to reduce the volatility of the funding level of the pension schemes by investing in assets which perform in line with the liabilities of the schemes so as to protect against inflation being higher than expected. This has been adopted for a proportion of the schemes' assets, which is designed to provide partial protection against adverse movements in interest rates and inflation. The trustees of the respective schemes review the schemes' asset allocation on an ongoing basis in light of changes in the funding position and market opportunities.

23.8 Risk assessment

(i) Maturity profile of the defined benefit obligations

The weighted average duration of the defined benefit obligation is 11 years (2025: 12 years) for the Scottish Hydro Electric Pension Scheme and 12 years (2025: 12 years) for the SSE Southern Pension Scheme.

(ii) Information about the defined benefit obligations

Status of members is weighted by the liabilities of each scheme

	Scottish Hydro Electric %	SSE Southern %
Active members	17	11
Deferred members	12	7
Pensioners	71	82
	100	100

Notes to the consolidated financial statements continued

for the year ended 31 March 2026

23. Retirement benefit obligations continued

23.9 Pension scheme policies

(i) Recognition of gains and losses

The Group recognises actuarial gains and losses in the statement of other comprehensive income following the re-measurement of the net defined benefit liabilities of the schemes.

(ii) Methods and assumptions used in preparing the sensitivity analyses

The sensitivities disclosed are calculated using approximate methods taking into account the duration of the schemes' liabilities. While these have been calculated consistently with the previous financial year, the method applied may change over time with financial conditions and assumptions.

(iii) Asset recognition

The Group has recognised net pension assets in relation to the Scottish Hydro Electric and SSE Southern pension schemes due to a surplus existing under IAS 19 accounting. The Group will only recognise a surplus should it have rights to that surplus under the rules of the pension scheme. The Group no longer applies the "asset ceiling" restriction mandated by IFRIC 14. Details on this key accounting consideration are provided above.

(iv) Fair value assessment of scheme assets

The Group seeks to assess whether there is a quotable market value (referenced as "quotable" above) in relation to pension scheme assets held. This assessment is based on regular reviews conducted in conjunction with the trustees of the schemes. For assets where no quotable market value exists, these assets will be valued based on a set methodology agreed by trustees and scheme advisors and then regularly assessed.

Currently only one unquotable value exists within the two pension schemes of the Group, this being qualifying insurance contracts (or "buy-in") held by the Scottish Hydro Electric Pension Scheme. These assets are currently valued consistently with the scheme's liabilities with the expected return on these assets being set equal to the discount rate.

24. Financial instruments

For financial reporting purposes, the Group has classified derivative financial instruments into two categories, operating derivatives and financing derivatives. Operating derivatives include all qualifying commodity contracts including those for power, gas, and carbon and the post-day 1 fair value movements on non-government backed contracts for difference in SSE Renewables. Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts. Non-hedge accounted contracts are treated as held for trading.

The Group provides guarantees in respect of certain activities of former subsidiaries and to certain current joint venture investments. As permitted by IFRS 17 "Insurance Contracts", the Group elected to apply the valuation principles of IFRS 9 to these contracts.

24.1 Financial instruments – income statement

	2026 £m	2025 £m
Operating derivatives		
Total result on operating derivatives ⁽ⁱ⁾	(24.5)	92.9
Less: amounts settled ⁽ⁱⁱ⁾	(127.5)	(141.9)
Movement in unrealised derivatives	(152.0)	(49.0)
Financing derivatives (and hedged items)		
Total result on financing derivatives ⁽ⁱ⁾	(113.2)	63.6
Less: amounts settled ⁽ⁱⁱ⁾	131.1	(50.8)
Movement in unrealised derivatives	17.9	12.8
Financial guarantee liabilities		
Total result on financial guarantee liabilities ⁽ⁱⁱⁱ⁾	1.7	1.9
Net income statement impact	(132.4)	(34.3)

(i) Total result on derivatives in the income statement represents the total amounts credited (or charged) to the income statement in respect of operating and financial derivatives, and is shown as certain re-measurements in note 7.

(ii) Amounts settled in the year represent the result on derivatives transacted which have matured or been delivered and have been included within the total result on derivatives, and is shown as certain re-measurements in note 7.

(iii) Total result on financial guarantee liabilities in the income statement represents the total amounts credited or (charged) to the income statement in respect of the unwind of the financial liabilities and recognition of new or expiring contracts.

The movement in unrealised operating derivative excludes a £2.2m gain (2025: £11.1m loss) on proprietary trades, which has been recognised in the underlying profit of the Group.

24.2 Financial instruments – balance sheet

The derivative financial assets/(liabilities) are represented as follows:

	2026 £m	2025 £m
Derivative financial assets		
Non-current	193.9	63.5
Current	651.4	178.4
Total derivative assets	845.3	241.9
Derivative financial liabilities		
Non-current	(289.2)	(167.7)
Current	(641.1)	(126.3)
Total derivative liabilities	(930.3)	(294.0)
Net derivative liability	(85.0)	(52.1)

The financial guarantee liabilities are represented as follows:

	2026 £m	2025 £m
Financial guarantee liabilities		
Non-current	(19.0)	(23.1)
Current	(2.4)	(2.4)
Total guarantee liabilities	(21.4)	(25.5)

Information on the Group's financial risk management and the fair value of financial instruments is available [at A6 and A7](#).

25. Commitments and contingencies

25.1 Capital commitments

	2026 £m	2025 £m
Capital expenditure		
Contracted for but not provided	7,627.5	4,438.3

Contracted for but not provided capital commitments include the fixed contracted costs of the Group's major capital projects. In practice contractual variations may arise on the final settlement of these contractual costs. The increase from the prior year relates primarily to Transmission projects.

25.2 Contingent liabilities

Contingent liabilities for the Group solely relate to SSE plc, and have been disclosed within [note 13](#) to the Company financial statements.

Accompanying information

A1. Basis of consolidation and material accounting policies

A1.1 Basis of consolidation

The financial statements consolidate the results of the Company and its subsidiaries together with the Group's share of the results and net assets of its interests in joint arrangements and associates. Where necessary to ensure consistency, the accounting policies of the subsidiaries, joint arrangements or associates have been adjusted to align to the accounting policies of the Group. Intra-Group balances and any unrealised gains and losses or income and expenses arising from Intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with joint arrangements and associates are eliminated to the extent of the Group's interest in the entity. Non-controlling interests represent the equity in subsidiaries that is not attributable, either directly or indirectly, to SSE plc shareholders.

Subsidiaries (Accompanying Information A3)

Subsidiaries are those entities controlled by the Group or the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity in order to obtain variable returns from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date control ceases. Transactions with non-controlling interests that relate to their ownership interests and do not result in a loss of control are accounted for as equity transactions.

Interests in joint arrangements and associates (note 16 and Accompanying Information A3)

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. Whilst this assessment is principally focused on any "reserved matters", being the material activities that typically require all significant shareholders to approve, other contractual agreements such as Power Purchase Agreements and Management Services Agreements are also considered. The Group's investments in joint arrangements are classified as either joint operations or joint ventures depending on the investee's legal form and the investor's contractual rights and obligations over the assets and liabilities of the investee.

Associates are those investments over which the Group has significant influence but neither control nor joint control.

The Group's interests in its joint operations are accounted for by recognising its share of the assets, liabilities, revenue and expenses of the operation. The Group's share of revenue from Greater Gabbard is eliminated on consolidation due to the offtake agreement where the Group purchases its share of the output from the arrangement.

The Group's joint ventures and associates are accounted for using the equity method of accounting where the joint venture and associate net investments (comprising both equity and long term loans) are carried at historical cost plus the Group's share of post-acquisition results, less any impairment in value. Where an impairment is recognised against the carrying value of an investment, it is recognised within the operating costs line of the consolidated financial statements. For those investments that were formerly subsidiaries of the Group, this will also include any fair value uplift arising from loss of control. The Group recognises its share of the results of these equity-accounted operations after tax and interest in the income statement.

Foreign currencies

The consolidated financial statements are presented in pounds Sterling, which is the functional currency of the parent. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured accordingly.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gain or loss arising on the restatement of such items is taken to the income statement as a finance cost, with the exception of exchange gains or losses on foreign currency borrowings that provide a hedge against a net investment in a foreign entity or exchange gains or losses incurred as part of a qualifying cash flow hedge. These exchange gains or losses are transferred to the translation reserve to the extent the hedge is effective. Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated at the historic rate at the date of transaction.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds Sterling at the balance sheet closing rate. The results of these operations are translated at the average rate in the relevant period. Exchange differences on retranslation of the opening net assets and the results of foreign operations are transferred to the translation reserve and are reported in the consolidated statement of comprehensive income.

The average and spot rates for the principal functional currencies that the Group's foreign operations are denominated in are shown in the table below.

		2026	2025	Change
EUR v GBP	Year end spot rate	1.1451	1.1938	(4.1)%
	Average spot rate	1.1544	1.1946	(3.4)%
US\$ v GBP	Year end spot rate	1.3216	1.2907	2.4%
	Average spot rate	1.3346	1.2915	3.3%
JPY v GBP	Year end spot rate	210.0740	193.4770	8.6%
	Average spot rate	211.7950	192.5154	10.0%

A1.2 Material accounting policies

Revenue (note 5)

Revenue from contracts with customers is recognised to the extent that it reflects the expected consideration for goods or services provided to the customer under contract, over the performance obligations they are being provided. For each separable performance obligation identified, the Group determines whether it is satisfied at a "point in time" or "over time" based upon an evaluation of the receipt and consumption of benefits, control of assets and enforceable payment rights associated with that obligation. If the criteria required for "over time" recognition are not met, the performance obligation is deemed to be satisfied at a "point in time".

Revenue principally arises as a result of the Group's activities in energy production, storage, transmission, distribution, supply and related services in the energy markets in Great Britain and Ireland.

Where the Group earns income from an asset during the commissioning period, the income is recognised in the income statement as revenue in accordance with the relevant asset accounting policy set out below. Once in operation, depreciation will be charged over the expected useful life of the asset.

The key policies applied by each Business Unit are as follows:

Transmission

Use of electricity transmission networks

Revenue from use of electricity transmission 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 the 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 Group has an ongoing obligation to provide contracted services (transmission network connections), revenues are recognised “over time” consistent with the customer receiving and consuming the 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 are typically received from customers in advance of providing the contracted service and are deferred on balance sheet. No extended warranty periods are offered.

Distribution

Use of electricity distribution networks

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

Electricity distribution revenue is recognised based on the volume of electricity distributed “over time”, as use of distribution service is determined by the customer, and the set customer tariff. As with electricity transmission revenue, any over- or under-recovery of revenue is 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 distribution 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.

Distribution network contracted services

Where the Group has an ongoing obligation to provide contracted services (such as for distribution network connections), revenues are recognised “over time” consistent with the customer receiving and consuming the 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 are typically received from customers in advance of providing the contracted service and are deferred on balance sheet. The release of deferred income on customer or third party funded additions is removed from the Group’s Adjusted EBITDA measure. No extended warranty periods are offered.

Renewables

Electricity generation

Revenue from the physical generation of electricity is recognised “point in time” as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for “own use” designation.

Renewables contracted services

Revenue from national support schemes, such as Renewable Obligation Certificates, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

Revenue from other ancillary generation services is recognised “over time” consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Thermal

Electricity generation

Revenue from the physical generation of electricity is recognised “point in time” as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for “own use” designation.

Gas storage

Revenue from gas storage trading activities is recognised “point in time” as injected back into the gas network. Revenue is measured at the spot price at the time of delivery.

Thermal Generation contracted services


Revenue from national support schemes, such as the Capacity Market mechanism, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

Revenue from other ancillary generation services is recognised “over time” consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Customers

Supply of energy

Revenue on the supply of energy comprises sales to domestic (in Ireland) and business end-user customers (in GB and Ireland) is based on actual energy consumption including an estimate of the value of electricity and gas supplied to customers between the date of the last meter reading and the year end. Revenue is recognised “over time” consistent with the delivery of energy to the customer as the receipt and consumption of the benefits of the energy is considered to be simultaneous. Revenue is measured based on the applicable customer tariff rate and after deduction of any applicable contractual discounts.

Details of the judgements involved in the estimation process for the value of electricity and gas supplied to GB Business customers is given within [note 4.1\(iii\)](#) .

Payments from customers may be received in advance of providing the contracted service and are deferred on balance sheet. Amounts received from customers in relation to energy management services provided by Third Party Intermediaries (“TPIs”) are offset against payments to those TPIs, reflecting the responsibility for providing the energy management service.

A1. Basis of consolidation and material accounting policies continued

A1.2 Material accounting policies continued

Energy related services

Where the Group has an ongoing obligation to provide contracted energy related services, such as energy optimisation or maintenance services, revenues are recognised "over time" consistent with the customer receiving and consuming the benefits of that service across the expected contractual service period at the fixed contracted rate. Where the Group has an obligation to perform a specific service, revenues are recognised "point in time", following performance of the service at the fixed contracted consideration. No extended warranty periods are offered.

SSE Energy Markets

Commodity optimisation and other services

Income from sales commodity optimisation trading occurring in any business unit is presented net in cost of sales alongside purchase commodity optimisation trades. Revenue on physical power and gas supplied is recognised "point in time" as delivered to the national settlements body or third parties. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Revenue arising on commodities purchased in excess of the Group's requirements and recorded as inventory assets, such as Renewables Obligation Certificates, REGOs or carbon allowances, is recognised "point in time" on disposal of these inventory assets to third parties.

Revenue from other ancillary services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Aside from where specifically noted above, consideration is due when the performance obligation has been satisfied. As the period between satisfaction of the performance obligation and receipt of consideration from the customer is expected to be less than a year, the Group has applied the practical expedient not to adjust revenue for the effect of any financing components.

Revenue from sources other than the Group's contracts with customers principally comprise meter rental income included within Corporate unallocated, and Contract for Difference income.

Income on meter rental agreements, which are classified as operating leases, are presented as revenue where they relate to the core operating activities of that business. Lease payments are recognised as income on a straight-line basis over the lease term.

Other operating income – Government Grants (note 6)

Contracts for Difference ("CfD") are agreements between a low carbon electricity generator and the Low Carbon Contracts Company ("LCCC"), a UK Government owned entity responsible for delivering support mechanisms for low-carbon electricity generation. These agreements are not considered to be contracts with a customer, as the LCCC does not receive any goods or services from the generator. These arrangements are instead considered to be Government Grants, with income arising from these grants recognised in the income statement in the period in which generation takes place. In the year, the Group recognised no income or expense (2025: none) related to Contracts for Difference with the LCCC within its wholly owned subsidiaries. The Group's joint venture investment, Beatrice Offshore Windfarm Limited, has a CfD with the LCCC which resulted in payments from the LCCC of £250.7m in the year with SSE's share of £100.3m recognised within share of profit (2025: £245.7m, with SSE's share of £98.3m recognised within share of profit). The Group's wholly owned operational Viking wind farm and joint venture investments Seagreen Wind Energy Limited, and Doggerbank A & B also have a CfD arrangement in place with the LCCC. The LCCC government agreements for Viking, Seagreen and Doggerbank are not yet effective and as such no income or cost was recognised during the year.

Where the CfD strike price falls below the spot price of generation and payments are made to the LCCC, these payments are expensed as incurred within operating costs. See "financial instruments" below for the Group's policy in relation to commercial Contracts for Difference.

Presentation of grants related to assets

Income received from Government towards the capital cost of an asset are deducted from the carrying value presented in the financial statements.

Cost of sales (note 6)

Cost of sales includes fuel and energy purchases, direct employee benefits, and depreciation of electricity generation property, plant and equipment.

The net result from sales and purchases of commodity optimisation trades – comprising both realised and unrealised gains and losses arising from optimisation trading activities – is also presented within cost of sales, reflecting the underlying economic purpose of this trading activity.

Finance income and costs (note 9)

Interest income and costs are recognised in the income statement as they accrue, on an effective interest method. The issue costs and interest payable on bonds and all other interest payable and receivable is reflected in the income statement on the same basis.

Interest on the funding attributable to major capital projects is capitalised during the period of construction and depreciated as part of the total cost over the useful life of the asset.

The accounting policy for foreign exchange translation of monetary assets and liabilities is described on [page 210](#) and for lease liability charges on [page 215](#).

Taxation (note 10)

Taxation on the profit for the year comprises current and deferred tax. Taxation is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income 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 calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities other than in business combinations that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset within the same tax authority and where the Group intends to either settle them on a net basis, or to realise the asset and settle the liability simultaneously. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Electricity Generator Levy ("EGL") is effective for periods from 1 January 2023 to 31 March 2028, and the Group has assessed that the EGL has the characteristics of a levy rather than an income tax. The Group therefore recognises the costs associated with the levy for within cost of sales.

Business Combinations (note 12)

The acquisition of subsidiaries, and joint operations that meet the definition of a business, is accounted for under the acquisition method as defined by IFRS 3 "Business Combinations".

The cost of acquisition is measured as being the aggregate fair value of consideration to be transferred at the date control is obtained. Goodwill is measured at the acquisition date as the fair value of consideration transferred, plus non-controlling interests, less the net recognised amount (which is generally fair value) of the identifiable assets and liabilities assumed. Goodwill is subject to an annual review for impairment (or more frequently if necessary) in accordance with the Group's impairment accounting policy.

Contingent consideration is classified as a liability and subsequently re-measured through the income statement. Acquisition costs are expensed as incurred.

Changes in ownership that do not result in a change of control are accounted for as equity transactions.

Held for sale assets and liabilities and discontinued operations

Non-current assets are classified as held for sale if their recoverable value is likely to be recovered via a sale or distribution as opposed to continued use by the Group. In order to be classified as assets held for sale, assets must meet all of the following conditions: the sale is highly probable; it is available for immediate sale; it is being actively marketed; and the sale is likely to occur within one year.

Assets that qualify as held for sale and related liabilities are disclosed separately from other assets and liabilities in the balance sheet prospectively from the date of classification. Non-current assets determined as held for sale are measured at the lower of carrying value and fair value less costs to sell, no depreciation is charged in respect of these assets after classification as held for sale.

Assets or groups of assets and related liabilities that qualify as held for sale are classified as discontinued operations when they represent a separate major line of business or geographical area, are part of a single plan to dispose of a separate major line of business or geographical area or are acquired exclusively with a view to resale. Income and expenses relating to these discontinued operations are disclosed in a single net amount after taxes in the income statement, with comparative amounts re-presented accordingly.

Intra-Group balances and any unrealised gains and losses or income and expenses arising from trading between continuing and discontinued operations continue to be eliminated in preparing the consolidated financial statements.

Intangible assets (note 13)

Goodwill and impairment testing

Goodwill arising on a business combination represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least on an annual basis.

For the purpose of impairment testing, goodwill is allocated on initial recognition to the cash-generating units or groups of CGUs expected to benefit from the combination's synergies. The CGUs (or groups of CGUs) used for goodwill impairment testing purposes will represent how goodwill was attributed but may not represent reportable business segments.

Goodwill may also arise upon investments in joint arrangements and associates. Goodwill arising on a joint operation is recorded as a separate asset and any impairment loss is recognised in the income statement. Goodwill arising on a joint venture or associate is recorded within the carrying amount of the Group's investment and any impairment loss is included within the share of result from joint ventures and associates. On disposal or closure of a previously acquired investment or business, any attributed goodwill will be included in determining the profit or loss on disposal.

Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased obligations certificates.

Carbon emissions allowances are held to settle environmental obligations incurred by the Group's SSE Thermal and Energy Customer Solutions businesses under regulated emissions trading schemes. The Group's UK generation assets operate under the UK Emissions Trading Scheme ("UK ETS"), while the Group retains an EU Emissions Trading Scheme ("EU ETS") obligation in respect of its Irish Thermal generation assets. Carbon allowances purchased and held to settle emissions obligations are recognised at cost as intangible assets.

Forward carbon contracts are treated as financial instruments and measured at fair value with gains or losses arising on re-measurement being recognised in the income statement. A liability is recognised based on the level of emissions recorded. Up to the level of allowances held, including forward carbon contracts, the liability is measured at the cost of purchase. When the carbon emission liability exceeds the carbon allowances held, the difference is measured at market value of carbon allowances. Subsequent movements in market value are prospectively recognised in operating profit.

The carbon allowance intangible asset is surrendered at the end of the compliance period to the extent requested reflecting the consumption of the economic benefit and is recorded as being utilised. As a result, no amortisation is booked but an impairment charge may be recognised should the carrying value of allowances exceed prevailing market price.

Under the Renewable Obligations Certificates ("ROCs") scheme, certificates obtained from own generation are awarded by a third party, Ofgem. ROCs can be traded with third parties and are used by suppliers to demonstrate to Ofgem that they have met their obligation to source a set proportion of supplied electricity from renewable sources. The value of a ROC to a supplier comprises two elements: the "buy-out" price which is set annually in advance of the compliance period by Ofgem; and the "recycle" price which is determined after the compliance period by Ofgem. The recycle price element is estimated at the balance sheet date based on assumptions around likely levels of renewable generation and supply over the remaining compliance period and is therefore subject to possible future variation.

A1. Basis of consolidation and material accounting policies continued

A1.2 Material accounting policies continued

Allowances and certificates continued

Where ROCs are self-generated or purchased to fulfil the Group's liability under the renewable obligation, they are recorded at market value at the point of generation or purchased cost within intangible assets. The Group can hold ROCs in excess of its obligation, which, due to limited evidence of liquidity or net settlement for ROC trades, are recorded at the lower of cost or net realisable value within inventories. Similarly, the fair value of any forward contracts entered into at the balance sheet date for the purchase or sale of ROCs in future periods are not recognised, as there is insufficient liquidity for net settlement. The Group's liability under the renewable obligation is recognised based on electricity supplied to customers, the obligation level set by Ofgem and the prevailing market price.

The Group's Energy Customer Solutions segment holds Renewable Energy Guarantees of Origin certificates ("REGOs") to meet contractual customer supply requirements relating to renewable electricity origin. REGOs are procured from third parties or generated by the Group's Renewable accredited assets and retained for surrender under the scheme. REGO certificates that are held to be surrendered are recorded as intangible assets at the prevailing market rate in line with the external obligation. Excess REGO certificates held by the Group are held in inventories at the lower of cost or net realisable value.

The ROC and REGO intangible assets are surrendered at the end of the compliance period reflecting the consumption of economic benefit and release of the associated liability. As a result, no amortisation is recorded during the period.

Research and development

Expenditure on research activities is charged to the income statement as incurred.

Expenditure on development activities is capitalised as intangible assets if the project or process is considered to be technically and commercially feasible and the Group intends to complete the project or process for use or for sale. Development projects include wind farm developments, battery storage and solar developments, thermal generation projects and other developments relating to proven technologies. Costs incurred in bringing these projects to the consent stage include options over land rights, planning application costs and environmental impact studies and may be costs incurred directly or part of the fair value exercise on acquisition of an interest in a project. At the point that the project reaches the consent stage and is approved by the Board, the carrying value of the project is transferred to property, plant and equipment as assets under construction. Revenue and costs incurred through pre-commissioning testing activities are reflected in the income statement. Once in operation, depreciation will be charged over the expected useful life of the asset. The asset is derecognised on disposal, or when no future economic benefits are expected to arise.

Software assets

Software assets that have been acquired separately by the Group are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally developed software assets and application software licences includes contractors' fees and directly attributable labour and overheads. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of these assets. The amortisation periods utilised are as follows:

	Years
Developed software assets and application software licences	3–15

The useful lives of all the intangible assets are reviewed annually and amended, as required, on a prospective basis. Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use.

Cloud computing arrangements

The Group has contracts for Software as a Service ("SaaS") and Platform as a Service ("PaaS") Cloud Computing Arrangements. Where the Group does not control the underlying assets in these arrangements, costs are expensed as incurred. Implementation costs in respect of these contracts are capitalised when the definition and recognition criteria of an intangible asset under IAS 38 are met.

Property, plant and equipment (note 14)

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairments. The cost of self-constructed assets includes the cost of materials, direct labour and other directly attributable costs. Where the asset is a qualifying asset, for which a considerable period of time is required to prepare the asset for use or sale, borrowing costs will be capitalised as part of the asset's cost. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Right of use assets

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Hydro civil assets

The Group is obliged under the Reservoirs Act 1975 to maintain its hydro infrastructure network, including its dams, tunnels and other hydro civil engineering structures (hydro civil assets). All items of property, plant and equipment within hydro civil assets, with the exception of land, are subject to depreciation.

In accordance with the transition provisions of IFRS 1 "First-time Adoption of IFRS", the Group identified the carrying value of these assets at privatisation and has treated this value as deemed cost. Following this assessment, the assets, and all subsequent enhancement and replacement expenditure, has been subject to depreciation over a useful economic life of between 75 and 100 years. All subsequent maintenance expenditure is chargeable directly to the income statement.

Depreciation

Depreciation is charged to the income statement to write off cost, less residual values, on a straight line basis over their estimated useful lives. Heritable and freehold land is not depreciated. Depreciation policy, useful lives and residual values are reviewed at least annually, for all asset classes to ensure that the current method is the most appropriate. Depreciation commences following the asset commissioning period and when the asset is available for commercial operation. The estimated useful lives for assets depreciated on a straight line basis are as follows:

	Years
Hydro civil assets (classified within Renewable power generation assets)	75 to 100
Thermal and hydro power stations including electrical and mechanical assets (classified within Thermal power generation assets)	20 to 60
Onshore wind farms (classified within Renewable power generation assets)	20 to 25
Offshore wind farms (classified within Renewable power generation assets)	23 to 30
Battery Storage assets (classified within Renewable power generation assets)	12 to 15
Gas storage facilities (classified within Other assets)	25 to 50
Overhead lines, underground and subsea cables and other network assets (classified within Distribution or Transmission network assets)	5 to 80
Office buildings (classified within Land and buildings)	30 to 40
Fixtures, IT assets, vehicles and mobile plant (classified within Other assets)	3 to 15

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease agreement.

It is the Group policy to capitalise qualifying replacement expenditure and depreciate it over the expected useful life of the replaced asset. Replaced assets are derecognised at this point and the costs recorded as costs of disposal. Where an item of property, plant and equipment is replaced and it is not practicable to determine the carrying amount of the replaced part, the cost of the replacement part adjusted for inflation and depreciation will be used as an approximation.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the item of property, plant and equipment to which it relates. Maintenance and repair costs are expensed as incurred.

Derecognition

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount of the asset and are included in the income statement. Any gain or loss on derecognition of the asset is included in the income statement in the period of derecognition.

Lease arrangements (note 21)

Lease arrangements are separately distinguished from service contracts based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the Group is deemed to control the use of an identified asset, a right of use asset and a corresponding lease liability are recognised on the balance sheet.

Right of use assets are capitalised and held as part of property, plant and equipment. The accounting policy for such arrangements is described above.

Lease liabilities are initially measured at the present value of the future lease payments discounted using the rate implicit in the lease if that can be readily determined. If the interest rate implicit in the lease cannot be readily determined the incremental borrowing rate is used. Where the interest rate implicit in the lease is not readily determinable, the Group has applied the intercompany borrowing rate which is based on the Group's external medium-term borrowing rates with premia adjustments for any subsidiary specific risk factors.

In determining whether any break and/or extension clauses should be included within the lease term, the Group has considered that where an internal decision has been made to break or extend the lease agreement, that decision shall be applied in determining the appropriate lease term. Where an internal decision has not been made, and where the non-cancellable element of the lease term has longer than five years remaining, it is considered that any clauses will not be triggered as any decision beyond that date is not reasonably certain. For all leases with less than five years remaining, an assessment is made at each reporting period on a lease-by-lease basis on whether the clause is reasonably certain to be triggered. Reassessment of break and/or extension judgements made in prior periods could result in recalculation of the lease liability and adjustments to associated balances.

The lease liability is subsequently adjusted for the unwind of discounting, repayments and other modifications to the underlying agreement. Lease modifications are accounted for as a separate lease where the scope of the lease increases through the right to use one or more underlying assets and where the consideration of the lease increases by an amount that is equivalent to the standalone price of the increase in scope. Where a modification decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Leases with a duration of 12 months or less and leases for assets which are deemed "low value" are expensed to the income statement on a straight-line basis over the lease term.

A1. Basis of consolidation and material accounting policies continued

A1.2 Material accounting policies continued

Impairment review (note 15)

The carrying amounts of the Group's property, plant and equipment and other intangible assets and the Group's investments in joint ventures and associates, 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 property, plant and equipment 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 goodwill and other intangible assets with an indefinite life or which are not yet ready for use, the test for impairment is carried out annually. In addition, financial assets measured at amortised cost are also reviewed for impairment annually.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's (or cash-generating unit's, in the case of goodwill), 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 or cash-generating unit ("CGU"). For financial assets measured at amortised cost the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment charge will be recognised immediately in the income statement. Reversals of previous impairment charges are recognised if the recoverable amount of the asset or CGU significantly exceeds the carrying amount. Previous impairments of goodwill are not reversed.

VIU calculations require the estimation of future cash flows to be derived from the respective assets (or CGUs) and the selection of an appropriate discount rate in order to calculate their present value. The VIU methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for reviews of property, plant and equipment assets and the Group's identified goodwill-related CGUs. The methodology is based on the pre-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a pre-tax discount rate based on the Group's cost of funding and adjusted for any specific risks. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

The fair value less costs to sell methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

Any impairment charge identified will initially be adjusted against the goodwill allocated to the cash-generating unit. Any excess charge will be allocated against the remaining assets of the cash-generating unit. Reversals of previous impairment charges are allocated against the carrying value of assets previously subject to an impairment charge.

Inventories (note 17)

Inventories – aside from gas inventory purchased for trading activities – are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Gas inventory purchased for trading activities is held at fair value with reference to the forward month market price. Gains and losses on re-measurement at fair value are recognised within the income statement, as a "certain re-measurement" item.

Provisions (note 20)

A provision is recognised in the balance sheet when the Group 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.

Decommissioning

The Group engages independent experts to estimate the cost to decommission its Renewable (Wind, Solar and Battery assets), Thermal and Gas Storage assets every three years. In the intervening years, management updates the external valuation based on factors arising since the last formal valuation date. Provision is made for the net present value of the estimated cost of decommissioning gas storage facilities, wind farms, power stations and battery storage assets at the end of the useful life of the facilities. This includes development assets, where if a present obligation exists, a provision is recognised during construction and prior to commencement of operations from the site. The estimates are based on technology and prices at the balance sheet date and exclude any salvage value related to those assets. A corresponding decommissioning asset is recognised and is included within property, plant and equipment when it gives access to future economic benefits, and is depreciated on a straight-line basis over the expected useful life of the asset. Changes in these provisions are recognised prospectively. The unwind of discounting of the provision is included in finance costs.

The Group retained a decommissioning obligation following the disposal of its Gas Production business. The decommissioning cost estimates are updated periodically by field operators based on current technology and prices. Field operators also provide estimated end of field life dates for each field, which can change based on market commodity prices.

Retirement benefit obligations (note 23)

Defined benefit pension schemes

The Group operates two defined benefit pension schemes, one of which is operated by the Company. Pension scheme assets are measured using bid market values. Pension scheme liabilities are measured using the projected unit credit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Any increase in the present value of liabilities within the Group's defined benefit pension schemes expected to arise from employee service in the year is charged as service costs to operating profit.

Net interest costs are based on net scheme assets or liabilities. Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

Defined contribution pension schemes

The Group also operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged represent the contributions payable to the schemes in the year and are charged directly to the income statement.

Equity and equity-related compensation benefits

The Group operates a number of employee share schemes as described in the Remuneration Report. These schemes enable Group employees to acquire shares of the Company.

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 a Black-Scholes 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 for non-market conditions at each balance sheet date with any adjustment in respect of the current and prior years being recognised in the income statement. The costs associated with the other main employee schemes are recognised over the period to which they relate. The charge related to the equity shares in the Company awarded under the share schemes is treated as an increase in the cost of investment held by the Company in the subsidiary companies of the Group. The disclosures on equity and equity-related compensation benefits have been removed on the grounds of materiality in relation to the Group.

Financial instruments (note 24)

The Group uses a range of financial instruments to manage exposures to financial risks, such as interest rate, foreign exchange and energy price fluctuations in its normal course of business. Hedge accounting is applied where the relevant qualifying criteria are met and is aligned to the Group's risk management objectives and policies, which are further explained in A6.

During the year ended 31 March 2026, the Group completed an assessment of the impact of transitioning from IAS 39 "Financial Instruments: Recognition and Measurement" to the hedge accounting requirements of IFRS 9 "Financial Instruments". The assessment concluded that the Group's existing hedging relationships and risk management strategies would continue to qualify for hedge accounting on adoption of IFRS 9.

Accordingly, the Group has continued to apply the hedge accounting requirements of IAS 39, as permitted by IFRS 9, as this model continues to appropriately reflect the Group's risk management activities in the financial statements. The Group will adopt IFRS 9 Financial Instruments in full from 1 April 2026.

Interest rate and foreign exchange derivatives

Financial derivative instruments are used by the Group to manage interest rate and currency exposures. All such derivatives are recognised at fair value and are re-measured to fair value each reporting period. Certain derivative financial instruments are designated as being held for hedging purposes. The designation of the hedge relationship is established at the inception of the hedge and procedures are applied to ensure the derivative is highly effective in achieving its objective and that the effectiveness of the hedge can be reliably measured. The treatment of gains and losses on re-measurement is dependent on the classification of the hedge and whether the hedge relationship is designated as either a "fair value" or "cash flow" hedge. Derivatives that are not designated as hedges are treated as if held for trading, with all fair value movements being recorded through the income statement.

A derivative classified as a "fair value" hedge recognises gains and losses from re-measurement immediately in the income statement. Loans and borrowings are measured at cost except where they form the underlying transaction in an effective fair value hedge relationship. In such cases, the carrying value of the loan or borrowing is adjusted to reflect fair value movements with the gain or loss being reported in the income statement.

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 consolidated income statement. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At the point of discontinuation, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction affects profit or loss. On settlement, the cumulative gain or loss recognised in equity is recognised in the income statement.

Commodity derivatives

Within its regular course of business, the Group routinely enters into sale and purchase derivative contracts for commodities such as power, gas and carbon. Where the contract was entered into and continues to be held for the purpose of receipt or delivery in accordance with the Group's expected sale, purchase or usage requirements, the contracts are designated as "own use" contracts and are measured at cost. These contracts are not within the scope of IFRS 9.

Derivative commodity contracts which are not designated as own use contracts are accounted for as trading derivatives and are recognised in the balance sheet at fair value. Where a hedge accounting relationship is designated and is proven to be effective, the changes in fair value will be recognised in accordance with the rules noted above. There are currently no designated hedge relationships in relation to commodity contracts.

Other commodity contracts, where own use is not established and a hedge accounting relationship is not designated, are measured at fair value with gains and losses on re-measurement being recognised in the income statement in cost of sales.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives where the characteristics of the derivatives are not closely related to those of the host contracts.

Net investment hedges

Hedges of net investments in foreign operations are accounted in a manner similar to effective cash flow hedges. Any gain or loss on the effective portion of the hedge is recognised in equity, in the translation reserve, and any gain or loss on the ineffective portion of the hedge is recognised in the income statement. On disposal of the foreign operation, the cumulative value of any gains or losses recognised directly in equity is transferred to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

A1. Basis of consolidation and material accounting policies continued

A1.2 Material accounting policies continued

Trade receivables

Trade receivables do not carry any interest and are measured at cost less an appropriate allowance for lifetime expected credit losses.

At the end of each reporting period a review of the allowance for impairment of trade receivables (or bad debt provision) is performed by the respective businesses. Trade receivables do not contain a significant financing element, and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised on initial recognition. A provision matrix is utilised to estimate the lifetime expected credit losses, based on the age, status and risk of each class of receivable, which is updated periodically to include changes to both forward-looking and historical inputs.

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.

Commercial (and affiliate) contracts for difference

The Group has commercial Contracts for Difference ("CfD") arrangements in place where the Group has agreed to provide a revenue support contract. Where the Group has entered into these arrangements and there is no relationship with a government entity, the instruments are classified as derivatives and accounted for under IFRS 9. The Group has assessed that due to the valuation complexity of these arrangements, they are Level 3 financial instruments in the fair value hierarchy. On day 1, the Group recognises no gain or loss arising from the instrument, but instead defers this gain or loss and recognises it progressively over the life of the instrument. At each balance sheet date the fair value of the instrument is assessed with any movement in fair value recognised in the income statement in the period it arises.

Financial guarantee liabilities

The Group issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if certain former subsidiaries and certain current joint venture investments fail to make payments when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the loss allowance for expected credit losses and the initial fair value less any income recognised.

Share capital

Ordinary shares are accounted for as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are reacquired are deducted from equity. No gain or loss is recognised in the Group income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Hybrid equity

Hybrid equity comprises issued bonds that qualify for recognition as equity as they have no fixed redemption date. Accordingly, any coupon payments are accounted for as dividends and are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to equity. Coupon payments consequently do not have any impact on the income statement. Coupon payments are recognised in the cash flow statement in the same way as dividends to ordinary shareholders. Tax credits in relation to the coupon payments are linked to the past transactions or events that support the coupon payments and consequently the tax credits are reported in the income statement.

A2. Taxation

The Group's primary tax disclosures are included at [note 10](#). The following tables represent enhanced disclosures adopted in order to assist stakeholder understanding of the Group's tax position and policies as part of the Group's commitment to its Fair Tax Mark accredited status.

Reconciliation of tax charge to adjusted underlying current tax

	2026 £m	2026 %	2025 £m	2025 %
Group profit before tax	1,837.3		1,850.9	
Less: share of results of associates and jointly controlled entities	(88.0)		(89.9)	
Profit before tax	1,749.3		1,761.0	
Tax on profit on ordinary activities at standard UK corporation tax rate of 25% (2025: 25%)	437.3	25.0	440.3	25.0
Tax effect of:				
Capital allowances less than depreciation	(276.9)	(15.9)	(216.8)	(12.3)
(Impairment reversal)/impairment of investments	(1.9)	(0.1)	65.1	3.7
Movement in restructuring and settlement provisions	4.8	0.3	(4.4)	(0.2)
Fair value movements on derivatives	12.4	0.7	7.3	0.4
Pension movements	(10.0)	(0.6)	(8.0)	(0.5)
Relief for capitalised interest and revenue costs	(41.2)	(2.4)	(37.9)	(2.2)
Hybrid equity coupon payments	(18.2)	(1.0)	(18.4)	(1.0)
Expenses not deductible for tax purposes	16.6	0.9	15.2	0.9
Losses carried forward	14.6	0.8	(1.2)	(0.1)
Impact of foreign tax rates	(6.0)	(0.3)	(15.3)	(0.9)
Electricity Generator Levy not deductible for tax purposes	–	–	19.8	1.1
Capitalised revenue expenditure	(22.8)	(1.3)	–	–
Adjustments to tax charge in respect of previous years	(11.2)	(0.6)	(8.3)	(0.5)
Other items	(0.1)	–	(3.7)	(0.1)
Reported current tax charge and effective rate	97.4	5.5	233.7	13.3
Depreciation in excess of capital allowances	278.4	15.9	217.8	12.4
Movement in provisions	(4.8)	(0.3)	4.4	0.2
Fair value movements on derivatives	(12.4)	(0.7)	(7.3)	(0.4)
Pension movements	10.0	0.6	8.0	0.5
Relief for capitalised interest and revenue costs	41.2	2.4	37.9	2.2
Adjustments to tax charge in respect of previous years	6.3	0.4	19.1	1.1
Capitalised revenue expenditure	22.8	1.3	–	–
Tax losses utilised	(13.4)	(0.8)	–	–
Other items	0.2	–	4.4	0.1
Reported deferred tax charge and effective rate	328.3	18.8	284.3	16.1
Group tax charge and effective rate	425.7	24.3	518.0	29.4

As noted at [note 3](#) to the accounts, the Group's results are reported on an "adjusted" basis in order to allow focus on underlying business performance. The Adjusted Profit Before Tax is the measure utilised in calculation of the Group's "adjusted effective rate of tax".

A2. Taxation continued

The Adjusted Current Tax Charge can be reconciled to the adjusted profit before tax as follows:

	2026 £m	2026 %	2025 £m (restated*)	2025 % (restated*)
Adjusted Profit Before Tax	2,024.8		2,144.5	
Tax on profit on ordinary activities at standard UK corporation tax rate	506.2	25.0	536.1	25.0
Tax effect of:				
Capital allowances in excess of depreciation	(294.1)	(14.5)	(224.7)	(10.5)
Non-taxable (gain)/loss on sale of assets	(1.7)	(0.1)	7.6	0.4
Non qualifying depreciation	11.4	0.6	25.2	1.2
Adjustment for profit on internal trading	–	–	4.3	0.2
Movement in restructuring and settlement provisions	6.1	0.3	(2.9)	(0.1)
Pension movements	(10.0)	(0.5)	(8.0)	(0.4)
Relief for capitalised interest and revenue costs	(28.4)	(1.4)	(21.9)	(1.0)
Hybrid equity coupon payments	(18.2)	(0.9)	(18.4)	(0.9)
Expenses not deductible for tax purposes	11.4	0.6	8.4	0.4
Fair value movements on derivatives	–	–	9.9	0.5
Electricity Generator Levy not deductible for tax purposes	–	–	19.8	0.9
Discount on losses on Scottish Hydro Electric Transmission plc	(4.8)	(0.2)	(4.3)	(0.2)
Share-based payments	(0.4)	–	(2.6)	(0.1)
Losses carried forward	28.9	1.4	–	–
Adjustments to tax charge in respect of previous years	(11.4)	(0.6)	(10.7)	(0.5)
Impact of foreign tax rates	(22.5)	(1.1)	(20.6)	(1.0)
Corporate interest restriction	19.9	1.0	–	–
Other	1.0	–	0.7	–
Adjusted Current Tax Charge and effective rate APM	193.4	9.6	297.9	13.9

* The comparative adjusted effective rate of tax been restated. See note 1.2.

The reconciling adjustments differ from those analysed in the Group tax charge reconciliation above because they include SSE's share of associates and joint ventures, and are based on Adjusted Profit Before Tax.

The majority of the Group's profits are earned in the UK, with the standard rate of UK corporation tax being 25% for the year to 31 March 2026 (2025: 25%). Profits earned by the Group in the Republic of Ireland are taxable at either 12.5% or 25%, depending upon the nature of the income.

Capital allowances are tax reliefs provided in law for the expenditure the Group makes on property, plant and equipment. The rates are determined by Parliament annually and spread the tax relief due over a number of years. This contrasts with the accounting treatment for such spending, where the expenditure on property, plant and equipment is treated as an asset with the cost being depreciated over the useful life of the asset, or impaired if the value of such assets is considered to have reduced materially.

The different accounting treatment of property, plant and equipment for tax and accounting purposes means that the taxable income of the Group is not the same as the profit reported in the financial statements. The substantial reversals of impairments and impairments undertaken in previous years in relation to certain property, plant and equipment assets, result in the depreciation or impairment charge to profit for the year differing to the amount of capital allowances due to the Group.

Short term temporary differences arise on items such as provisions for restructuring costs and onerous contracts, and retirement benefit obligations, because the treatment of such items is different for tax and accounting purposes. These differences usually reverse in the year following that in which they arise, as is reflected in the deferred tax charge in these financial statements. Where interest charges or other costs are capitalised in the accounts, tax relief is either given as the charges are incurred or when the costs are taken to the income statement.

As explained at Accompanying Information [A1 and A6](#), the Group measures its operating and financing derivatives at fair value under IFRS 9. As a result of the Group's subsidiaries applying the HMRC's "disregard regulations", the vast majority of the re-measurement movements have no current tax effect impacting only the deferred tax position.

As detailed at [note 22](#) and explained in the Accompanying Information [A1](#), the Group has issued Hybrid equity securities which are treated as a component of equity. While the coupon payments relating to these securities are treated as distributions to the holders of the equity instruments, tax relief is allowed on the amount paid in the year. These tax credits are linked to the past transactions or events that support the coupon payments and consequently the tax credits are reported in the income statement.

A3. Related undertakings

A3.1.1 Subsidiary undertakings

Details of the Group's subsidiary undertakings at 31 March are as follows:

Company	Registered address (Key)	2026 Holding %	Company	Registered address (Key)	2026 Holding %
United Kingdom			SSE Eggborough Limited	B	100.0
Aberarder Wind Farm (Scotland) Limited	A	100.0	SSE Energy Markets Limited	B	100.0
Aberarder Wind Farm LLP	B	100.0	SSE Energy Supply Limited	B	100.0
Abernedd Power Company Limited	B	100.0	SSE Enterprise Limited	B	100.0
Aegletes III Holdco Limited	B	100.0	SSE Ewerby Solar Holdco Limited	B	100.0
Aldbrough Pathfinder Limited	B	100.0	SSE Ewerby Solar Limited	B	100.0
Berwick Bank A Limited	B	100.0	SSE Fancott BESS Limited	B	100.0
Berwick Bank B Limited	B	100.0	SSE Ferrybridge Battery Limited	B	100.0
Berwick Bank C Limited	B	100.0	SSE Fiddlers Ferry Battery Limited	B	100.0
Berwick Bank Holdings A Limited	B	100.0	SSE Foxholes Solar Limited	B	100.0
Berwick Bank Holdings B Limited	B	100.0	SSE Generation Limited	B	100.0
Berwick Bank Holdings C Limited	B	100.0	SSE Group Limited	A	100.0
Berwick Bank Wind Farm Limited	A	100.0	SSE Heat Networks (Battersea) Limited	B	100.0
Bhlaraidh Extension Wind Farm Limited	A	100.0	SSE Heat Networks Limited	A	100.0
Bhlaraidh Wind Farm Limited	A	100.0	SSE Hornsea Limited	B	100.0
Building Automation Solutions Limited	D	100.0	SSE HV Electricity Assets Limited	B	100.0
By-Pass Farm Solar Limited	B	100.0	SSE Hydrogen Holdings Limited	B	100.0
Coire Glas Hydro Pumped Storage Limited	A	100.0	SSE Hydrogen Developments Limited	B	100.0
Energie Limited	T	100.0	SSE IAMP Microgrid Limited	B	100.0
Ferrybridge Hydrogen Limited	B	100.0	SSE Imperial Park PN Limited	B	100.0
Fibre Fuel Limited	B	100.0	SSE Knapthorpe Solar Limited	B	100.0
Fibre Power (Slough) Limited	B	100.0	SSE Low Carbon Developments Limited	B	100.0
Griffin Wind Farm Limited	A	100.0	SSE Low Carbon Holdings Limited	B	100.0
Hydro Electric Pension Scheme Trustees Limited	A	100.0	SSE Maple Limited	B	100.0
Keadby Developments Limited	E	100.0	SSE Medway Operations Limited	B	100.0
Keadby Generation Limited	E	100.0	SSE Micro Renewables Limited	A	100.0
Keadby Next Generation Limited	B	100.0	SSE Multifuel Generation Holdings Limited	B	100.0
Keadby Wind Farm Limited	B	100.0	SSE Muskham Solar Limited	B	100.0
LG-B-300 Limited	A	100.0	SSE Newchurch Solar Limited	B	100.0
Littleton Pastures Solar Limited	B	100.0	SSE OWS Glasgow Limited	A	100.0
Medway Power Limited	B	100.0	SSE Private Networks Holdco Limited	B	100.0
Optimal Power Networks Limited	B	100.0	SSE Production Services Limited	B	100.0
Power from Waste Limited	B	100.0	SSE Renewables Holdings (UK) Limited	F	100.0
Scottish and Southern Energy Power Distribution Limited	A	100.0	SSE Renewables International Holdings Limited	A	100.0
Scottish Hydro Electric Power Distribution plc	A	100.0	SSE Renewables Limited	A	100.0
Scottish Hydro Electric Transmission plc	A	75.0	SSE Renewables Offshore Windfarm Holdings Limited	A	100.0
Slough Domestic Electricity Limited	B	100.0	SSE Renewables Onshore Windfarm Holdings Limited	F	100.0
Slough Electricity Contracts Limited	B	100.0	SSE Renewables Poland Holdings Limited	A	100.0
Slough Energy Supplies Limited	B	100.0	SSE Renewables Services (UK) Limited	F	100.0
Slough Heat & Power Limited	B	100.0	SSE Renewables Solar & Battery Holdings Limited	B	100.0
Slough Utility Services Limited	B	100.0	SSE Renewables UK Limited	F	100.0
Southern Electric Power Distribution plc	B	100.0	SSE Renewables Wind Farms (UK) Limited	A	100.0
SSE Airricity Energy Services (NI) Limited	Q	100.0	SSE Retail Limited	A	100.0
SSE Airricity Energy Supply (NI) Limited	F	100.0	SSE Seabank Investments Limited	B	100.0
SSE Airricity Gas Supply (NI) Limited	F	100.0	SSE Seabank Land Investments Limited	B	100.0
SSE Battery Monk Fryston Limited	B	100.0	SSE Services plc	B	100.0
SSE Battery Salisbury Limited	B	100.0	SSE Southern Group Trustee Limited	B	100.0
SSE Beatrice Offshore Windfarm Holdings Limited	A	100.0	SSE Staythorpe Battery Limited	B	100.0
SSE BTM HoldCo Limited	B	100.0	SSE Staythorpe Power Limited	B	100.0
SSE BTM Operational Assets Limited	B	100.0	SSE Staythorpe SGT Limited	B	100.0
SSE Contracting Group Limited	B	100.0	SSE Staythorpe Solar Limited	B	100.0
SSE Cottered Solar Limited	B	100.0	SSE Southery Solar Limited	B	100.0
SSE Daines BESS Limited	B	100.0	SSE Stock Limited	A	100.0
SSE DE Solar Holdco Limited	B	100.0	SSE Thermal Energy Holdings Limited	B	100.0
SSE Derrymeen BESS Limited	F	100.0	SSE Thermal Energy Operations Limited	B	100.0
SSE Digital Services Limited	B	100.0	SSE Thermal Generation (Scotland) Limited	A	100.0

A3. Related undertakings continued

A3.1.1 Subsidiary undertakings continued

Company	Registered address (Key)	2026 Holding %	Company	Registered address (Key)	2026 Holding %
United Kingdom continued			France		
SSE Thermal Generation Holdings Limited	B	100.0	SSE Renewables Wind Farms (Ireland) Limited	C	100.0
SSE Toddleburn Limited	A	100.0	Sure Partners Limited	C	100.0
SSE Trading Limited	B	100.0	SSE Renewables Tinnycross Battery Storage Limited	C	100.0
SSE Trustees Limited	B	100.0	Tournafula Windfarm (ROI) Limited	C	100.0
SSE Utility Services Limited	B	100.0	Zeusford Limited	C	100.0
SSE Utility Solutions Limited	B	100.0	France		
SSE Venture Capital Limited	A	100.0	Société d'Exploitation de l'Installation de Stockage (SEIS) d'orchamps	AE	100.0
SSE Viking Limited	B	100.0	Société d'Exploitation de l'Installation de Stockage (SEIS) de la Cuesta	AE	100.0
SSE(SE) Quest Trustee Limited	B	100.0	Société d'Exploitation de la Centrale Photovoltaïque (SECPV) de Vireaux	AE	100.0
SSEN Distribution Limited	A	100.0	Société d'Exploitation de la Centrale Photovoltaïque (SECPV) des Jacquessons	AE	100.0
SSEPG (Operations) Limited	B	100.0	Société d'Exploitation du Parc Eolien de Chaintrix Bierges SARL	AE	100.0
Strathy Wind Farm Limited	A	100.0	Société d'Exploitation du Parc Eolien de Champeaux SARL	AE	100.0
Tealing Solar Park Limited	B	100.0	Société d'Exploitation du Parc Eolien de Germainville SAS	AE	100.0
TESGL Limited	D	100.0	Société d'Exploitation du Parc Eolien de la Belle Dame SARL	AE	100.0
The Energy Solutions Group Bidco Limited	D	100.0	Société d'Exploitation du Parc Eolien de la Brie des Etangs SARL	AE	100.0
The Energy Solutions Group Midco Limited	D	100.0	Société d'Exploitation du Parc Eolien de la Monchot SARL	AE	100.0
The Energy Solutions Group Topco Limited	D	100.0	Société d'Exploitation du Parc Eolien de la Tête des Boucs SARL	AE	100.0
Viking Energy (Scottish Partnership)	A	100.0	Société d'Exploitation du Parc Eolien (SEPE) de la Voie Pouçoise	AE	100.0
Viking Energy Wind Farm LLP	A	100.0	Société d'Exploitation du Parc Eolien de Moulins du Puits SAS	AE	100.0
Ireland			Société d'Exploitation du Parc Eolien de Pringy SARL	AE	100.0
Airtricity Windfarm Finance Limited	C	100.0	Société d'Exploitation du Parc Eolien de Saint Loup de Saintonge SAS	AE	100.0
Arklow Offshore Phase II Company Limited	C	100.0	Société d'Exploitation du Parc Eolien (SEPE) de Salon Sud	AE	100.0
Bindoo Windfarm (ROI) Limited	C	100.0	Société d'Exploitation du Parc Eolien de Souvans SARL	AE	100.0
Brickmount Limited	C	100.0	Société d'Exploitation du Parc Eolien de Vernierfontaine SARL	AE	100.0
Comhlacht Gaoithe Teoranta	C	100.0	Société d'Exploitation du Parc Eolien de Villiers aux Chênes SARL	AE	100.0
Coomacheo Wind Farm Limited	C	100.0	Société d'Exploitation du Parc Eolien des Fontaines SARL	AE	100.0
Coomatallin Windfarm (ROI) Limited	C	100.0*	Société d'Exploitation du Parc Eolien des Six Communes SARL	AE	100.0
Curragh Mountain Windfarm Limited	C	100.0	Société d'Exploitation du Parc Eolien des Voies de Bar SARL	AE	100.0
Dedondo Limited	C	100.0	Société d'Exploitation du Parc Eolien du Mont Égaré SARL	AE	100.0
Dromada Windfarm (ROI) Limited	C	100.0	Société d'Exploitation du Parc Eolien du Vireaux SAS	AE	100.0
Energie Ireland Limited	Z	100.0	Société du Poste Privé (SPP) d'Orchamps SAS	AE	100.0
Galway Wind Park Phase 3 Designated Activity Company	C	100.0	Société du Poste Privé (SPP) de la Cuesta SARL	AE	100.0
Ganderoy Limited	C	100.0	Société du Poste Privé (SPP) du Tonnerrois	AE	100.0
Gartnaneane Limited	C	100.0*	SSE Renewables France SARL	AE	100.0
Glenora Wind Farm Designated Activity Company	C	100.0	Germany		
Green Wind Energy (Wexford) Limited	C	100.0	SSE Renewables Developments (Germany) GmbH	U	100.0
Leanamore Wind Farm Limited	C	100.0			
Lenalea Wind Farm Designated Activity Company	C	100.0			
Limerick West Windfarm Limited	C	100.0			
March Winds Limited	C	100.0			
Meentycat Limited	C	100.0			
Milane Holdings Limited	C	100.0			
Mullananalt Wind Farm (ROI) Limited	C	100.0			
Platin Power Limited	C	100.0			
Richfield Windfarm (ROI) Limited	C	100.0			
Sheskin South Renewables Power Designated Activity Company	C	100.0			
SSE Airtricity Distributed Energy Limited	C	100.0			
SSE Airtricity Energy Services Limited	C	100.0			
SSE Airtricity Limited	C	100.0			
SSE Cumarsáid Teoranta	C	100.0			
SSE Generation Ireland Limited	C	100.0			
SSE Renewables (Ireland) Limited	C	100.0			
SSE Renewables Generation Ireland Limited	C	100.0			
SSE Renewables Holdings (Europe) Limited	C	100.0			
SSE Renewables Holdings Limited	C	100.0			
SSE Renewables Off Shore Limited	C	100.0			
SSE Renewables Wind (Ireland) Holdings Limited	C	100.0			

Greece		
Enerfarm 3 Single Member S.A. Renewable Energy Sources	AB	100.0
Energiaki Kleidi Single Member S.A.	AB	100.0
Energiaki Mavrovouniou Single Member Private Company	AB	100.0
Energiaki Mesovouniou Single Member S.A.	AB	100.0
Energiaki Platorrachis Single Member S.A.	AB	100.0
Energiaki Velanidias Single Member S.A.	AB	100.0
SSE Renewables Hellas Single Member S.A.	AB	100.0
Isle of Man		
SSE Insurance Limited	G	100.0
Italy		
SPV Parco Eolico Libeccio S.r.l.	AC	100.0
SPV Parco Eolico Maestrone S.r.l.	AC	100.0
SPV Parco Eolico Tramontana S.r.l.	AC	100.0
SSE Renewables Italy S.r.l.	AC	100.0
Japan		
Aichi Offshore Wind Power No. 1 G.K.	Y	80.0
Aichi Offshore Wind Power No. 2 G.K.	Y	80.0
Enshunada Offshore Wind Power No. 1 G.K.	Y	80.0
GIF Phase 2 G.K. (formerly Niigata Offshore Wind Power No.1 G.K.)	Y	80.0
Goto-Fukue Offshore Wind Power G.K.	Y	80.0
Izu Islands Offshore Wind Power No. 1 G.K.	Y	80.0
Minami-Izu Offshore Wind Power No. 1 G.K.	Y	80.0
Oki Islands Offshore Wind Power G.K.	Y	80.0
SSE Pacifico K.K.	Y	80.0
SSE Yuza Offshore Wind Power G.K.	Y	80.0
Tokushima Offshore Wind Power G.K.	Y	80.0
Wakayama-West Offshore Wind Power No. 1 G.K.	Y	80.0
Wakayama-West Offshore Wind Power No. 2 G.K.	Y	80.0
Netherlands		
SSE Renewables (Netherlands) Holdings B.V.	AA	100.0
SSE Renewables Developments (The Netherlands) B.V.	AA	100.0
SSE Sunflower Offshore Wind Holdco B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 1 B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 2 B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 3 B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 4 B.V.	AA	100.0
SSE Tulip Offshore Wind Holdco B.V.	AA	100.0
SSE Tulip Offshore Wind Limited Partner 1 B.V.	AA	100.0
SSE Tulip Offshore Wind Limited Partner 2 B.V.	AA	100.0
SSE Tulip Offshore Wind Limited Partner 3 B.V.	AA	100.0

Poland		
IBC SE PL3 sp. z o.o.	AJ	100.0
IBC SE PL20 sp. z o.o.	AJ	100.0
IBC SE PL22 sp. z o.o.	AJ	100.0
IBC SE PL23 sp. z o.o.	AJ	100.0
IBC SE PL24 sp. z o.o.	AJ	100.0
IBC SE PL34 sp. z o.o.	AJ	100.0
Pomerania PV sp z o.o.	AJ	100.0
SSE Renewables Poland sp z o.o. w likwidacji (formerly SSE Renewables Poland sp z o.o.)	X	100.0
Spain		
ICE Torrecilla Renovables S.L.	W	80.3
Sistemas Energéticos Ábrego S.L.U.	AD	100.0
Sistemas Energéticos Ariel S.L.U.	AD	100.0
Sistemas Energéticos Boreas S.L.U.	AD	100.0
Sistemas Energéticos Céfiro S.L.U.	AD	100.0
Sistemas Energéticos del Sur S.A.U.	AD	100.0
Sistemas Energéticos Eolo S.L.U.	AD	100.0
Sistemas Energéticos Erbania 1 S.L.U.	AD	100.0
Sistemas Energéticos Erbania 2 S.L.U.	AD	100.0
Sistemas Energéticos Gregal S.L.U.	AD	100.0
Sistemas Energéticos Júpiter S.L.U.	AD	100.0
Sistemas Energéticos Marte S.L. U.	AD	100.0
Sistemas Energéticos Mercurio S.L.U.	AD	100.0
Sistemas Energéticos Neptuno S.L.U.	AD	100.0
Sistemas Energéticos Oberón S.L.U.	AD	100.0
Sistemas Energéticos Plutón S.L.U.	AD	100.0
Sistemas Energéticos Tablero Taborado S.L.U.	AD	100.0
Sistemas Energéticos Terral S.L.U.	AD	100.0
Sistemas Energéticos Titán S.L.U.	AD	100.0
Sistemas Energéticos Urano S.L.U.	AD	100.0
SSE Renewables Southern Europe S.L.	AD	100.0
SSE Renewables Spain S.L.	AD	100.0

All shares in subsidiary companies are ordinary share capital, unless otherwise stated.

* 100% of voting rights held.

A3. Related undertakings continued

A3.1.1 Subsidiary undertakings continued

Statutory audit exemptions

SSE plc parent company has provided guarantees under section 479C of the Companies Act 2006 over the liabilities of the following companies, which are therefore exempt from audit under the requirements of s479A-479C of the Companies Act 2006.

Company	Registered number	Company	Registered number
Aberarder Wind Farm (Scotland) Limited	SC746968	SSE HV Electricity Assets Limited	14418288
Aberarder Wind Farm LLP	OC398487	SSE Hydrogen Developments Limited	15238086
Abernedd Power Company Limited	06383166	SSE Hydrogen Holdings Limited	15231331
Aegletes III Holdco Limited	13665453	SSE IAMP Microgrid Limited	15333093
Aldbrough Pathfinder Limited	15238323	SSE Imperial Park PN Limited	02631510
Berwick Bank Holdings A Limited	07294660	SSE Knaphorpe Solar Limited	14044446
Berwick Bank Holdings B Limited	13881643	SSE Low Carbon Developments Limited	15069108
Berwick Bank Holdings C Limited	07294689	SSE Low Carbon Holdings Limited	15052653
Berwick Bank Wind Farm Limited	SC721781	SSE Maple Limited	10604848
Bhlaraidh Extension Wind Farm Limited	SC798136	SSE Medway Operations Limited	02647585
Bhlaraidh Wind Farm Limited	SC663027	SSE Micro Renewables Limited	SC386017
Building Automation Solutions Limited	05827765	SSE Multifuel Generation Holdings Limited	12661566
By-Pass Farm Solar Limited	12558977	SSE Muskham Solar Limited	14044402
Ferrybridge Hydrogen Limited	15238441	SSE Newchurch Solar Limited	15348120
Fibre Fuel Limited	02902165	SSE OWS Glasgow Limited	SC228283
Fibre Power (Slough) Limited	02902170	SSE Private Networks Holdco Limited	14921243
Griffin Wind Farm Limited	SC245113	SSE Production Services Limited	02499702
Hydro Electric Pension Scheme Trustees Limited	SC567945	SSE Renewables Holdings (UK) Limited	NI043239
Keadby Developments Limited	02691516	SSE Renewables Offshore Windfarm Holdings Limited	SC436251
Keadby Next Generation Limited	15866301	SSE Renewables Onshore Windfarm Holdings Limited	NI049557
Keadby Wind Farm Limited	06852112	SSE Renewables Poland Holdings Limited	SC723844
LG-B-300 Limited	SC765613	SSE Renewables Solar & Battery Holdings Limited	13561962
Power From Waste Limited	02902302	SSE Renewables UK Limited	NI048447
Slough Domestic Electricity Limited	03486588	SSE Renewables Wind Farms (UK) Limited	SC654502
Slough Energy Supplies Limited	02474514	SSE Retail Limited	SC213458
Slough Heat & Power Limited	00174142	SSE Seabank Investments Limited	02631512
Slough Utility Services Limited	03486590	SSE Seabank Land Investments Limited	07877772
SSE Airtricity Energy Services (NI) Limited	NI056373	SSE Southern Group Trustee Limited	04009847
SSE Beatrice Offshore Windfarm Holdings Limited	SC436255	SSE Southery Solar Limited	14953142
SSE BTM HoldCo Limited	14413957	SSE Staythorpe Battery Limited	14046860
SSE BTM Operational Assets Limited	14885059	SSE Staythorpe Power Limited	14043534
SSE Contracting Group Limited	02471438	SSE Staythorpe SGT Limited	14046946
SSE Cottered Solar Limited	15346645	SSE Staythorpe Solar Limited	14046913
SSE Daines BESS Limited	15344013	SSE Thermal Energy Holdings Limited	12650549
SSE DE Solar HoldCo Limited	14189570	SSE Thermal Generation Holdings Limited	12662248
SSE Derrymeen BESS Limited	NI697259	SSE Toddleburn Limited	SC259104
SSE Digital Services Limited	14621186	SSE Trustees Limited	03048985
SSE Eggborough Limited	14939853	SSE Viking Limited	06021053
SSE Enterprise Limited	10060563	SSE(SE) Quest Trustee Limited	03487059
SSE Ewerby Solar Holdco Limited	14939987	SSEPG (Operations) Limited	02764438
SSE Ewerby Solar Limited	14959032	Strathy Wind Farm Limited	SC663103
SSE Fancott Bess Limited	15344001	Tealing Solar Park Limited	08783684
SSE Ferrybridge Battery Limited	14411214	The Energy Solutions Group Bidco Limited	07187066
SSE Fiddlers Ferry Battery Limited	14418916	The Energy Solutions Group Midco Limited	07403400
SSE Foxholes Solar Limited	14044466	The Energy Solutions Group Topco Limited	07419528
SSE Group Limited	SC126049		
SSE Heat Networks (Battersea) Limited	10176638		

A3.1.2 Joint arrangements (incorporated)

Company	Registered address (Key)	2026 Holding %	Company	Registered address (Key)	2026 Holding %
United Kingdom					
AtlasConnect Limited	A	50.0	H2Northeast Limited	H	50.0
Baglan Pipeline Limited	K	50.0	Indian Queens Power Limited	AF	50.0
Beatrice Offshore Windfarm Holdco Limited	A	40.0	Marchwood Power Limited	N	50.0
Beatrice Offshore Windfarm Limited	A	40.0	Neos Networks Limited	A	50.0
Clyde Windfarm (Scotland) Limited **	A	50.1	NNXYZ Limited	B	50.0
DB Operational Base Limited	J	40.0	North Falls Offshore Wind Farm Holdco Limited	AG	50.0
Deeside Power (UK) Limited	AF	50.0	North Falls Offshore Wind Farm Limited	AG	50.0
Deeside Power Operations Limited	AF	50.0	Ossian Offshore Wind Farm Holdings Limited	A	40.0
Digital Reach Partners Limited (formerly D Reach Partners Limited)	B	50.0	Ossian Offshore Wind Farm Limited	A	40.0
Doggerbank Offshore Wind Farm Project 1 Holdco Limited	B	40.0	Pride (SERP) Limited	AI	50.0
Doggerbank Offshore Wind Farm Project 1 Projco Limited	B	40.0	Reach Fibre Company Limited	B	50.0
Doggerbank Offshore Wind Farm Project 2 Holdco Limited	B	40.0	Reach Holdings Group Limited	B	50.0
Doggerbank Offshore Wind Farm Project 2 Projco Limited	B	40.0	Reach Infrastructure Group Limited	B	50.0
Doggerbank Offshore Wind Farm Project 3 Holdco Limited	B	40.0	Saltend Cogeneration Company Limited	AF	50.0
Doggerbank Offshore Wind Farm Project 3 Projco Limited	B	40.0	Saltend Operations Company Limited	AF	50.0
Doggerbank Offshore Wind Farm Project 3 And 4 B Holdco Limited	B	50.0	SCCL Holdings Limited	AF	50.0
Doggerbank Offshore Wind Farm Project 3 And 4 B Leaseco Limited	B	50.0	Seabank Power Limited	O	50.0
Doggerbank Offshore Wind Farm Project 4 Holdco Limited	B	50.0	Seagreen 1A (Holdco) Limited	B	49.0
Doggerbank Offshore Wind Farm Project 4 Projco Limited	B	50.0	Seagreen 1A Limited	B	49.0
DRPXYZ Limited (formerly Digital Reach Partners Limited)	A	50.0	Seagreen Alpha Wind Energy Limited	B	49.0
Dunmaglass Wind Farm Limited	A	50.1	Seagreen Bravo Wind Energy Limited	B	49.0
Eastern Green Link 2 Limited ***	B	50.0	Seagreen Holdco 1 Limited	B	49.0
Eastern Green Link 3 Limited ***	B	50.0	Seagreen Wind Energy Limited	B	49.0
Fearna PSH Limited	B	50.0	Source EV Limited	B	50.0
Greater Gabbard Offshore Winds Limited ***	B	50.0	Source EV UK Limited	B	50.0
Green H2 Developments Hold Co Limited	B	50.0	SSE Slough Multifuel Holdco Limited	B	50.0
Green H2 Developments Project Co Limited	B	50.0	SSE Slough Multifuel Limited	B	50.0
H2NE Parentco Limited	H	50.0	Stronelairg Wind Farm Limited	A	50.1
Ireland					
Allbrite Heatpump Specialists Limited	R	25.0	Green Energy Company Limited **	M	50.0
Bellair Wind Farm Designated Activity Company	I	50.0	Green Way Energy Limited	M	50.0
Cloosh Valley Wind Farm Designated Activity Company	L	25.0	Kerry Power Limited	M	49.0
Cloosh Valley Wind Farm Holdings Designated Activity Company	L	25.0	Kilberry Wind Farm Designated Activity Company I		50.0
Coolnagun Wind Farm Designated Activity Company	I	50.0	Lemanaghan Wind Farm Designated Activity Company	I	50.0
Cornafulla Wind Farm Designated Activity Company	I	50.0	Littleton Wind Farm Designated Activity Company	I	50.0
Derryfadda Wind Farm Designated Activity Company	I	50.0	Marron Activ8 Energies Limited	R	50.0
Drumnahough Wind Farm Designated Activity Company	C	50.0	Midas Energy Limited	M	49.0
Everwind Limited	S	49.0	Source EV Ireland Limited	C	50.0
Garryinch Wind Farm Designated Activity Company	I	50.0			
Jersey					
Triton Power Holdings Limited	AH	50.0	Triton Power Limited	AH	50.0
Triton Power Intermediate Holdings Limited	AH	50.0			
Netherlands					
Lely Alpha Offshore Wind General Partner B.V.	AA	50.0	Lely Alpha Offshore Wind Projco C.V.	AA	50.0

A3. Related undertakings continued

Company	Registered address (Key)	2026 Holding %	Company	Registered address (Key)	2026 Holding %
Spain					
ICE Santa Engracia, S.L.	V	44.6			

** Holding represents % of voting rights
 *** Joint Operation

A3.1.3 Associates

Company	Registered address (Key)	2026 Holding %	Company	Registered address (Key)	2026 Holding %
United Kingdom					
Corran Environmental LP	AK	74.0	St Clements Services Limited	P	25.0

A3.1.4 Registered address key

Reference	Company registered address
A	Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ
B	No 1 Forbury Place, 43 Forbury Road, Reading RG1 3JH
C	Red Oak South, South County Business Park, Leopardstown, Dublin 18
D	Ocean Court, Caspian Road, Atlantic Street, Altrincham, WA14 5HH
E	Keadby Power Station, Trentside, Keadby, Scunthorpe, North Lincs DN17 3AZ
F	3rd Floor, Millennium House, 25 Great Victoria Street, Belfast, BT2 7AQ
G	Tower House, Loch Promenade, Douglas, Isle of Man
H	Suite 1, 7th Floor, 50 Broadway, London, United Kingdom, SW1H 0BL
I	Main St, Newbridge, Kildare, Ireland
J	One Kingdom Street, London, United Kingdom, W2 6BD
K	10 Fleet Place, London, EC4M 7QS
L	6th Floor, South Bank House, Barrow Street, Dublin 4
M	Lissarda Industrial Park, Lissarda, Macroom, County Cork
N	Oceanic Way, Marchwood Industrial Park, Marchwood, Southampton SO40 4BD
O	Severn Road, Hallen, Bristol, BS10 7SP
P	4 – 6 Church Walk, Daventry, NN11 4BL
Q	Unit 14 Maryland Industrial Estate, Ballygowan Road, Belfast
R	Nexus N2 Business Park, Carrickmacross, Monaghan, A81 XK73, Ireland
S	Gorthleahy, Macroom, Co Cork, Ireland
T	Second Floor Eagle Court 2, Hatchford Way, Birmingham B26 3RZ
U	c/o Bird & Bird LLP, Maximiliansplatz 22, Munich 80333
V	Calle de la Portalada, 50, 26.006, Logroño (La Rioja), Spain
W	Avda Gomez Laguna, 25, 50009 – Zaragoza, Spain
X	Towarowa no.28, suite 00-839, Warsaw, Poland
Y	Azabudai Hills Mori JP Tower, 1-3-1 Azabudai, Minato-ku, Tokyo, Japan
Z	Unit 42 Block 528, Grants View, Greenogue Business Park, Rathcoole, Dublin, Ireland
AA	Hofplein 20, Rotterdam, 3032 AC, Netherlands
AB	16 Kifissias Ave, 11526, Athens, Greece
AC	Viale Luca Gaurico, 91/93, 00143, Rome, Italy
AD	Alameda Mazarredo 7, entreplanta, 48001, Bilbao, Spain
AE	97 allée Alexandre Borodine, Immeuble Cèdre 3, 69800, Saint Priest, France
AF	Saltend Power Station Saltend Chemicals Park, Hedon Road, Hull, East Riding of Yorkshire, England, HU12 8GA
AG	Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB
AH	22 Grenville Street, St Helier, Jersey, JE4 SPX
AI	Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG
AJ	Plac Marszałka Józefa Piłsudskiego 2 00-073 Warsaw
AK	4th Floor, 7 Castle Street, Edinburgh, EH2 3AH

A4. Joint ventures and associates

The Directors have assessed that the investments in the following equity accounted joint ventures and associates are of a sufficiently material impact to warrant additional disclosure on an individual basis. Details of the financial position and financial results of the Group:

Company	Class of shares held	Proportion of shares held %	Group Interest %	Year end date	Consolidation basis
United Kingdom					
Seabank Power Limited	Ordinary	50.0	50.0	31 December	Equity
Marchwood Power Limited	Ordinary	50.0	50.0	31 December	Equity
SSE Slough Multifuel Holdco Limited	Ordinary	50.0	50.0	31 March	Equity
Clyde Windfarm (Scotland) Limited	Ordinary	50.1	50.1	31 March	Equity
Seagreen Holdco 1 Limited	Ordinary	49.0	49.0	31 March	Equity
Beatrice Offshore Windfarm Holdco Limited	Ordinary	40.0	40.0	31 March	Equity
Dunmaglass Wind Farm Limited	Ordinary	50.1	50.1	31 March	Equity
Stronelairg Wind Farm Limited	Ordinary	50.1	50.1	31 March	Equity
Doggerbank Offshore Wind Farm Project 1 Holdco Limited	Ordinary	40.0	40.0	31 March	Equity
Jersey					
Triton Power Holdings Limited	Ordinary	50.0	50.0	31 December	Equity

A4. Joint ventures and associates continued

Summary information for material joint ventures and associates from unaudited financial statements is as follows:

	Seabank Power Limited 2026 £m	Marchwood Power Limited 2026 £m	SSE Slough Multifuel Holdco Limited 2026 £m	Clyde Windfarm (Scotland) Limited 2026 £m	Seagreen Holdco 1 Limited 2026 £m	Beatrice Offshore Windfarm Holdco Limited 2026 £m	Dunmaglass Wind Farm Limited 2026 £m	Stronelairg Wind Farm Limited 2026 £m	Triton Power Holdings Limited 2026 £m	Doggerbank Offshore Wind Farm Project 1 Holdco Limited 2026 £m	Other ⁽ⁱ⁾ 2026 £m	Total 2026 £m
Revenue	279.8	69.1	64.9	206.9	322.5	149.4	43.5	105.3	370.5	109.9	230.0	1,951.8
Other income	–	–	–	–	3.9	266.9	–	–	–	–	–	270.8
Depreciation and amortisation	(11.7)	(7.8)	(14.9)	(29.3)	(98.4)	(88.5)	(8.0)	(13.7)	(33.6)	(9.6)	(140.9)	(456.4)
Other operating costs	(232.5)	(21.3)	(23.4)	(44.4)	(101.0)	(133.1)	(9.6)	(19.1)	(365.3)	(11.4)	(130.1)	(1,091.2)
Movement on derivatives	–	–	–	–	(48.6)	–	–	–	4.2	–	0.5	(43.9)
Operating profit	35.6	40.0	26.6	133.2	78.4	194.7	25.9	72.5	(24.2)	88.9	(40.5)	631.1
Interest expense	0.3	(0.7)	(23.6)	(21.1)	(153.9)	(56.9)	(6.5)	(12.9)	2.2	(58.5)	(33.9)	(365.5)
Profit before tax	35.9	39.3	3.0	112.1	(75.5)	137.8	19.4	59.6	(22.0)	30.4	(74.4)	265.6
Corporation tax	(8.3)	(9.7)	–	(29.3)	4.1	(34.7)	(4.4)	(14.8)	0.5	(3.5)	0.5	(99.6)
Profit after tax	27.6	29.6	3.0	82.8	(71.4)	103.1	15.0	44.8	(21.5)	26.9	(73.9)	166.0
Recognised in other comprehensive income												
Cash flow hedges	–	–	–	–	(13.2)	(26.2)	–	–	–	(24.7)	(47.4)	(111.5)
Taxation	–	–	–	–	3.3	6.6	–	–	–	6.2	11.8	27.9
Other	–	–	–	–	–	–	–	–	–	–	(15.8)	(15.8)
	–	–	–	–	(9.9)	(19.6)	–	–	–	(18.5)	(51.4)	(99.4)
Total comprehensive income/(loss)	27.6	29.6	3.0	82.8	(81.3)	83.5	15.0	44.8	(21.5)	8.4	(125.3)	66.6
SSE share of profit (based on % equity)	13.8	14.8	1.5	41.5	(35.0)	41.2	7.5	22.4	(10.8)	10.8	(19.7)	88.0
Dividends paid to shareholders	21.0	37.0	–	116.1	26.6	53.7	25.5	68.5	25.0	–	8.4	381.8
Non-current assets	114.5	107.4	455.3	472.4	2,946.6	1,531.7	156.9	289.4	202.2	3,153.4	6,607.6	16,037.4
Current assets	94.9	13.7	15.0	100.3	87.8	595.3	21.9	48.6	130.1	883.9	62.2	2,053.7
Cash and cash equivalents	48.8	19.6	17.6	30.6	125.3	96.1	10.9	19.8	15.4	73.1	138.2	595.4
Current liabilities	(87.7)	(20.9)	(7.4)	(46.5)	(247.2)	(568.0)	(9.1)	(27.1)	(109.7)	(51.7)	(393.2)	(1,568.5)
Non-current liabilities	(42.8)	(32.8)	(351.1)	(427.4)	(2,230.9)	(1,527.5)	(143.4)	(260.7)	(12.5)	(3,415.0)	(5,528.6)	(13,972.7)
Net assets	127.7	87.0	129.4	129.4	681.6	127.6	37.2	70.0	225.5	643.7	886.2	3,145.3
Group equity interest	50.0%	50.0%	50.0%	50.1%	49.0%	40.0%	50.1%	50.1%	50.0%	40.0%	–	–
Net assets												
Group's share of ownership interest	63.9	43.5	64.7	64.8	334.0	51.0	18.6	35.1	112.8	257.5	411.2	1,457.1
Other adjustments	(21.0)	0.3	31.1	39.3	84.5	(1.1)	62.2	191.9	28.2	1.7	70.9	488.0
Carrying value of Group's equity interest	42.9	43.8	95.8	104.1	418.5	49.9	80.8	227.0	141.0	259.2	482.1	1,945.1

(restated⁽ⁱⁱ⁾)

	Seabank Power Limited 2025 £m	Marchwood Power Limited 2025 £m	SSE Slough Multifuel Holdco Limited 2025 £m	Clyde Windfarm (Scotland) Limited 2025 £m	Seagreen Holdco 1 Limited 2025 £m	Beatrice Offshore Windfarm Holdco Limited 2025 £m	Dunmaglass Wind Farm Limited 2025 £m	Stronelairg Wind Farm Limited 2025 £m	Triton Power Holdings Limited 2025 £m	Doggerbank Offshore Wind Farm Project 1 Holdco Limited 2025 £m	Other ^{(i) (ii)} 2025 £m	Total 2025 £m
Revenue	288.1	96.3	60.0	194.6	354.0	171.1	37.7	106.6	402.6	14.8	212.1	1,937.9
Other income	–	–	–	–	23.2	245.7	–	–	–	–	0.1	269.0
Depreciation and amortisation	(7.0)	(35.0)	(8.4)	(29.2)	(98.6)	(88.0)	(8.0)	(13.7)	(34.5)	(2.2)	(134.7)	(459.3)
Other operating costs	(241.9)	(19.5)	(21.0)	(41.4)	(89.6)	(94.8)	(8.1)	(20.4)	(420.3)	(6.8)	(134.1)	(1,097.9)
Movement on derivatives	–	–	–	–	(53.8)	–	–	–	(3.4)	–	–	(57.2)
Operating profit	39.2	41.8	30.6	124.0	135.2	234.0	21.6	72.5	(55.6)	5.8	(56.6)	592.5
Interest expense	1.4	(1.6)	(15.2)	(18.5)	(209.3)	(59.3)	(6.2)	(11.9)	5.1	(1.5)	(31.0)	(348.0)
Profit before tax	40.6	40.2	15.4	105.5	(74.1)	174.7	15.4	60.6	(50.5)	4.3	(87.6)	244.5
Corporation tax	(11.1)	(9.2)	3.8	(26.9)	63.5	(22.7)	(3.4)	(14.8)	14.9	(1.1)	(0.7)	(7.7)
Profit after tax	29.5	31.0	19.2	78.6	(10.6)	152.0	12.0	45.8	(35.6)	3.2	(88.3)	236.8
Recognised in other comprehensive income												
Cash flow hedges	–	–	0.6	–	(3.3)	(12.8)	–	–	–	(49.8)	9.7	(55.6)
Taxation	–	–	–	–	0.8	3.3	–	–	–	12.5	(2.6)	14.0
Other	–	–	–	–	–	–	–	–	–	–	15.8	15.8
	–	–	0.6	–	(2.5)	(9.5)	–	–	–	(37.3)	22.9	(25.8)
Total comprehensive income/(loss)	29.5	31.0	19.8	78.6	(13.1)	142.5	12.0	45.8	(35.6)	(34.1)	(65.4)	211.0
SSE share of profit (based on % equity)	14.8	15.5	9.6	39.4	(5.2)	60.8	6.0	22.9	(17.8)	1.3	(57.4)	89.9
Dividends paid to shareholders	47.0	44.2	–	102.0	38.9	119.3	12.4	55.0	–	–	11.1	429.9
Non-current assets	82.8	114.1	471.4	510.1	3,027.6	1,750.4	165.2	304.7	184.1	3,670.4	6,460.3	16,741.1
Current assets	56.7	8.5	14.9	86.8	47.2	62.7	16.7	49.8	164.1	21.6	94.7	623.7
Cash and cash equivalents	51.8	20.7	21.9	45.1	95.3	104.0	18.4	27.7	5.1	60.6	278.8	729.4
Current liabilities	(44.9)	(18.2)	(11.1)	(42.8)	(13.0)	(199.7)	(7.3)	(25.5)	(68.7)	(86.7)	(348.7)	(866.6)
Non-current liabilities	(26.3)	(29.5)	(370.6)	(431.7)	(2,424.9)	(1,619.6)	(144.8)	(262.5)	(12.3)	(3,042.7)	(5,649.7)	(14,014.6)
Net assets	120.1	95.6	126.5	167.5	732.2	97.8	48.2	94.2	272.3	623.2	835.4	3,213.0
Group equity interest	50.0%	50.0%	50.0%	50.1%	49.0%	40.0%	50.1%	50.1%	50.0%	40.0%	–	–
Net assets Group's share of ownership interest	60.1	47.8	63.3	83.9	358.8	39.1	24.1	47.2	136.2	249.3	384.5	1,494.3
Other adjustments	(20.4)	(0.3)	31.7	39.9	100.3	(1.1)	65.5	202.9	1.6	2.4	70.5	493.0
Carrying value of Group's equity interest	39.7	47.5	95.0	123.8	459.1	38.0	89.6	250.1	137.8	251.7	455.0	1,987.3

(i) In addition to the above the following joint ventures and associates have an equity carrying value that constitutes a material investment of the Group: Doggerbank Offshore Wind Farm Project 2 Holdco Limited £128.4m (2025: £118.8m); Doggerbank Offshore Wind Farm Project 3 and 4 Holdco Limited £95.0m (2025: £90.6m) and Ossian Offshore Wind Farm Holdings Limited £63.6m (2025: £60.8m).

(ii) The comparatives have been restated to present Neos Networks Limited in Other, based on the significance of the investment to the Group.

A4. Joint ventures and associates continued

In addition to the above at 31 March 2026, the Group was owed the following loans from its principal joint ventures: SSE Slough Multifuel Holdco Limited £172.5m (2025: £181.3m); Clyde Windfarm (Scotland) Limited £127.1m (2025: 127.1m); Seagreen Holdco 1 Limited £648.0m (2025: £646.0m); Dunmaglass Wind Farm Limited £46.6m (2025: £46.6m); Stronelairst Wind Farm Limited £88.7m (2025: £88.7m); and Doggerbank Offshore Wind Farm Project 1 Holdco Limited £313.4m (2025: 188.3m). This represents 86% (2025: 85%) of the loans provided to equity-accounted joint ventures and associates.

A5. Related party transactions

The immediate parent and ultimate controlling party of the Group is SSE plc (incorporated in Scotland). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

The following transactions took place during the year between the Group and entities which are related to the Group, but which are not members of the Group. Related parties are defined as those in which the Group has control, joint control or significant influence over.

	2026	2026	2026	2026	2025	2025	2025	2025
	Sale of goods and services £m	Purchase of goods and services £m	Amounts owed from £m	Amounts owed to £m	Sale of goods and services £m	Purchase of goods and services £m	Amounts owed from £m	Amounts owed to £m
Joint arrangements:								
Marchwood Power Limited	179.9	(100.8)	–	–	111.2	(116.1)	–	(5.0)
Clyde Windfarm (Scotland) Limited	2.9	(202.5)	0.8	(64.7)	5.6	(187.6)	0.1	(51.6)
Beatrice Offshore Windfarm Limited	6.9	(75.1)	0.6	(11.9)	6.3	(86.1)	1.2	(7.1)
Stronelairst Wind Farm Limited	1.3	(91.9)	–	(29.2)	2.6	(88.4)	0.1	(25.1)
Triton Power Holdings Limited	–	(30.3)	–	(5.4)	–	–	–	–
Dunmaglass Wind Farm Limited	0.6	(37.5)	–	(11.2)	1.2	(32.6)	–	(9.0)
Neos Networks Limited	4.0	(25.5)	2.3	(5.3)	6.8	(28.2)	2.1	(4.0)
Seagreen Wind Energy Limited	48.8	(167.6)	7.9	(20.8)	54.6	(171.5)	13.6	(16.8)
Doggerbank A, B, C and D	45.6	(21.6)	61.1	(1.5)	47.7	(2.8)	36.5	(1.0)
Greater Gabbard Offshore Winds Limited	7.1	(172.9)	0.5	(62.0)	7.5	(134.7)	0.6	(50.6)
Other joint arrangements	21.4	(49.8)	3.4	(5.1)	23.9	(37.4)	12.5	(3.7)

The transactions with Marchwood Power Limited relate to the contracts for the provision of energy or the tolling of energy under power purchase arrangements.

Details of the Group's 15-year Affiliate Contract for Difference agreement with Seagreen Wind Energy Limited are included in [note A7.2](#).

The amounts outstanding are trading balances, are unsecured and will be settled in cash. Aggregate capital loans to joint ventures and associates are shown in [note 16](#).

A6. Financial risk management

This note presents information about the fair value of the Group's financial instruments, the Group's exposure to the risks associated with those instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Commodity risk
- Currency risk
- Interest rate risk

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's policies for risk management are established to identify the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Exposure to commodity, currency and interest rate risks arise in the normal course of the Group's business and derivative financial instruments are entered into to manage exposure to these risks.

SSE has a Group wide Risk Committee reporting to the Group Executive Committee, which is responsible for reviewing the risks and exposures across the Group by overseeing the controls and strategies employed to manage these risks and by ensuring and promoting an effective system of internal control. In addition, the Group has two dedicated Energy Market risk committees reporting to the Group Executive Committee and Board respectively, with the Group Executive Sub-committee chaired by the Chief Executive Officer (the "Group Energy Markets Exposures Risk Committee") and the Board Sub-committee chaired by Non-Executive Director Tony Cocker (the "Energy Markets Risk Committee (EMRC)"). These Committees oversee the Group's management of its energy market exposures, including its approach to hedging.

During the year ended 31 March 2026, the Group continued to be exposed to the economic conditions impacting the primary commodities to which it is exposed (power, gas and carbon). The Group's approach to hedging, and the diversity of its energy portfolios (across Wind, Hydro, Thermal and Customers) has provided certain mitigation of these exposures.

At 31 March, the Group's collateral position was as follows:

	Note	2026 £m	2025 £m
Collateral posted included within trade and other receivables	18	13.0	9.6
Collateral held included within trade and other payables	19	(271.3)	(82.5)
Net collateral held		(258.3)	(72.9)

Exposure to the commodity, currency and interest rate risks noted arise in the normal course of the Group's business and derivative financial instruments are entered into to manage 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 below.

A6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations.

Credit risk arising from the Group's normal commercial operations is controlled by individual business units operating in accordance with Group policies and procedures. Generally, for significant contracts, individual business units enter into contracts or agreements with counterparties having investment grade credit ratings only, or where suitable collateral or other security has been provided. Counterparty credit validation is undertaken prior to contractual commitment.

Credit risk management for the Group's SSEN Transmission and SSEN Distribution businesses is performed in accordance with industry standards as set out by the Regulator and is financially controlled by the individual business units. The Group's greatest credit risks lie with the operations of the Energy Customer Solutions business, the wholesale procurement activities conducted by SSE Energy Markets under a trust arrangement and the activities carried out by the Group's Treasury function. In all cases, specific credit risk controls that match the risk profile of those activities are applied. Exposure to credit risk in the retail supply of power and gas to end user customers arises from the potential of a customer defaulting on their invoiced payables. The Group exposure to domestic retail supply customers is limited to customers of the Group's Airicity business within Energy Customer Solutions. The creditworthiness of these customers is reviewed from a variety of internal and external information. The financial strength and creditworthiness of business customers is assessed prior to commencing, and for the duration of, their contract of supply.

Exposure to credit risk in the procurement of wholesale energy and fuel is managed by reference to agreed transaction credit limits which are determined by whether the counterparty:

- holds an investment grade credit rating; or
- can be assessed as adequately creditworthy in accordance with internal credit rules using information from other external credit agencies; or
- can provide a guarantee from an investment grade rated entity or post suitable collateral or provide other acceptable assurances in accordance with group procedures where they have failed to meet the above conditions; or
- can be allocated a non-standard credit limit approved by the relevant authority as delegated by the Group Board.

Credit support clauses and Master Netting Agreements are typically included or entered into in order to mitigate the impact to the Group against counterparty failure or non-delivery. As part of its normal activities, SSE Energy Markets transacts significant volumes of commodity derivative products through cleared exchanges to mitigate credit risk. Such exchanges are subject to strict regulation by the UK Financial Conduct Authority (FCA) and participants in these exchanges are obliged to meet rigorous capital adequacy requirements.

Individual counterparty credit exposures are monitored regularly and are subject to approved limits. At 31 March 2026, SSE Energy Markets had pledged £0.2m of cash collateral (2025: £nil) and £459.6m (2025: £494.9m) of letters of credit, and had received £258.3m (2025: £72.9m) of cash collateral and £80.5m (2025: £77.8m) of letters of credit principally to reduce exposures on credit risk.

Bank credit exposures, which are monitored and reported on daily, are calculated on a mark-to-market basis and adjusted for future volatility and probability of default. Any issues relating to these credit exposures are presented for discussion and review by the Tax and Treasury Committee.

Credit exposure also exists in relation to financial guarantees issued by Group companies under which the total outstanding exposure at 31 March 2026 was £349.1m (2025: £339.9m) in respect of liabilities of joint ventures and associates and £479.3m (2025: £479.3m) in respect of the liabilities of former subsidiaries. An amount of £21.4m (2025: £25.5m) is recorded as a liability at 31 March 2026 in respect of the carrying value of these guarantees. Expected loss allowances for financial guarantee contracts have been reviewed at the balance sheet date and will be reviewed on an annual basis.

Cash and cash equivalents comprise cash in hand and deposits of three months or less which are readily convertible to cash. These are subject to insignificant risk of change in value or credit risk.

Derivative financial instruments are entered into to cover the Group's market risks – commodity risk, interest rate risk, currency risk – and are consequently covered elsewhere in this note.

Trade receivables represent the most significant exposure to credit risk and are stated after an allowance for impairment.

A6. Financial risk management continued

A6.2 Concentrations of risk

Trade receivables recorded by reported segment held at the 31 March were:

	2026 £m	2025 £m (restated*)
SSEN Transmission	3.9	14.0
SSEN Distribution	173.3	181.1
SSE Renewables	96.5	100.3
SSE Thermal	79.2	67.5
Energy Customer Solutions	527.9	678.0
SSE Energy Markets	467.6	423.8
Corporate Unallocated	21.8	15.5
Total SSE Group	1,370.2	1,480.2

* The comparatives have been restated to reallocate £1.0m of trade receivables from Gas Storage to SSE Thermal and aggregate £505.8m and £172.2m of trade receivables in SSE Business Energy and SSE Airtricity respectively into Energy Customer Solutions.

Energy Customer Solutions accounts for 38.5% (2025: 45.8%) of the Group's trade receivables. Trade receivables associated with the Group's 1.0 million power and gas customers are recorded within this business unit. The Group also has significant trade receivables associated with its SSE Energy Markets activities which are generally settled within two to four weeks from invoicing. The Group's exposure to credit risk is therefore subject to diversification with no exposure to individual Energy Customer Solutions customers totalling >10% of trade receivables. The largest customer balance, due from a SSE Energy Markets customer (also a SSE Energy Markets supplier), is 7% (2025: 4%) of the total trade receivables.

The ageing of trade receivables at the reporting date was:

	2026 £m	2025 £m
Not past due	1,030.6	1,081.0
Past due but not individually impaired:		
0 – 30 days	95.4	140.0
31 – 90 days	115.6	142.7
Over 90 days	284.9	332.0
	1,526.5	1,695.7
Less: allowance for impairment	(156.3)	(215.5)
Net trade receivables	1,370.2	1,480.2

The Group has past due debt which has not had an impairment allowance set aside to cover potential credit losses. The Group has certain procedures to pursue customers in significant arrears and believes its impairment policy in relation to such balances is appropriate. The level of aged debt across all periods remains consistent with the prior year. The Group also considers various risk factors when assessing the level of provision to recognise. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

The debt impairment charge of £29.4m per the income statement (2025: £47.1m), primarily includes the write-off of £88.6m of trade receivables (2025: £85.0m) offset by a decrease in the bad debt provision of £59.2m (2025: £37.9m decrease).

The Group has other receivables which are financial assets totalling £6.8m (2025: £6.6m).

The movement in the allowance for impairment of trade receivables was:

	2026 £m	2025 £m
Balance at 1 April	215.5	253.4
Increase in allowance for impairment	42.1	48.8
Impairment losses recognised	(101.3)	(86.7)
Balance at 31 March	156.3	215.5

A6.3 Liquidity risk and Going Concern

Liquidity risk, the risk that the Group will have insufficient funds to meet its liabilities, is managed by the Group's Treasury function. The Group can be exposed to significant movements in its liquidity position due to changes in commodity prices, working capital requirements, the impact of the seasonal nature of the business and phasing of its capital investment programme.

Treasury is responsible for managing the banking and liquidity requirements of the Group, 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 Treasury, while the longer-term liquidity position is reviewed on a regular basis by the Board. The department's operations are governed by policies determined by the Board and any breaches of these policies are reported to the Tax and Treasury Committee and Audit Committee.

In relation to the Group's liquidity risk, 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 the Group's reputation.

During the year, the Group's internal approach to managing liquidity was to seek to ensure that the Group had available committed borrowings and facilities equal to at least 100% of forecast borrowings over a rolling 12 month period.

The Group uses cash flow forecasts to monitor its ongoing borrowing requirements. Typically, the Group will fund any short term borrowing positions by issuing commercial paper or borrowing from committed and uncommitted bank lines and will invest in money market funds when it has a cash surplus. Details of the Group's borrowings are disclosed at [note 21](#). In addition to the borrowing facilities listed at [note 21.3](#), the Group has a £21m overdraft facility.

The refinancing requirement in the 26/27 financial year is £1.7bn, being the £501m of short term commercial paper that matures between April and June, and £1.2bn of medium to long term debt maturing being the £600m Hybrid maturing in April 2026, £300m of EIB loans maturing in May 2026 and £311m of US Private Placements maturing between June 2026 and September 2026. The Directors are confident in the ability of the Group to maintain a funding level above 100% for the Going Concern assessment period based on the strong credit standing and borrowing history of the Group for both fixed debt and commercial paper, as discussed more fully below.

Given the committed bank facilities of £6.5bn, £3.0bn excluding Scottish Hydro Electric Transmission plc facilities, maintained by the Group and the current commercial paper market conditions, the Directors have concluded that both the Group and SSE plc as parent company have sufficient headroom to continue as a Going Concern. In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £6.4bn of medium to long term debt and Hybrid equity in last 5 years, including £2.2bn of long term funding in the current financial year as well as raising £2bn through an equity raise in November 2025.

The Group's period of Going Concern assessment is performed to 31 December 2027, 21 months from the balance sheet date, which is at least 12 months from the filing deadline of its subsidiary companies. While the formal assessment period was to the period ending 31 December 2027, 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. As well as taking account of the factors noted, the Going Concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including removal of proceeds from unconfirmed future divestments, negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments. The Group has also considered its obligations under its debt covenants. There have been no breaches of covenants in the year, and the Group's projections support the expectation that there will be no breach of covenants over the period to 31 December 2027. The statement of Going Concern is included in the Audit Committee Report.

As at 31 March 2026, the net value of outstanding cash collateral held in respect of mark-to-market related margin calls on exchange traded positions was £258.3m (2025: £72.9m).

The contractual cash flows shown in the following tables are the contractual undiscounted cashflows under the relevant financial instruments. Where the contractual cashflows are variable based on a price, foreign exchange rate or index in the future, the contractual cashflows in the following tables have been determined with reference to the relevant price, foreign exchange rate, interest rate or index as at the balance sheet date. In determining the interest element of contractual cashflows in cases where the Group has a choice as to the length of interest calculation periods and the interest rate that applies varies with the period selected, the contractual cashflows have been calculated assuming the Group selects the shortest available interest calculation periods. Where the holder of an instrument has a choice of when to redeem, the amounts in the following tables are on the assumption the holder redeems at the earliest opportunity.

A6. Financial risk management continued

A6.3 Liquidity risk and Going Concern continued

The following are the undiscounted contractual maturities of financial liabilities, including interest and excluding the impact of netting agreements:

	2026	2026	2026	2026	2026	2026
Liquidity risk	Carrying value £m	Contractual cash flows £m	0 – 12 months £m	1 – 2 years £m	2 – 5 years £m	> 5 years £m
Financial liabilities						
Loans and borrowings						
Commercial paper and cash advances	501.2	(502.2)	(502.2)	–	–	–
Loans – floating	562.7	(693.6)	(26.2)	(226.2)	(300.4)	(140.8)
Loans – fixed	1,296.4	(1,615.3)	(658.0)	(73.4)	(113.1)	(770.8)
Unsecured bonds – fixed	7,288.5	(9,935.7)	(306.8)	(1,142.8)	(2,258.3)	(6,227.8)
Fair value adjustment	15.7	–	–	–	–	–
	9,664.5	(12,746.8)	(1,493.2)	(1,442.4)	(2,671.8)	(7,139.4)
Lease liabilities	456.7	(700.1)	(86.8)	(61.6)	(161.6)	(390.1)
	10,121.2	(13,446.9)	(1,580.0)	(1,504.0)	(2,833.4)	(7,529.5)
Derivative financial liabilities						
Operating derivatives designated at fair value						
Interest rate swaps used for hedging	843.9	2,558.6	1,590.7	704.6	133.0	130.3
Interest rate swaps designated at fair value	28.5	(28.5)	–	(16.0)	–	(12.5)
Forward foreign exchange contracts held for hedging	20.7	(20.7)	–	(6.6)	(0.9)	(13.2)
Forward foreign exchange contracts designated at fair value	34.5	(2,410.9)	(447.5)	(780.3)	(1,183.1)	–
	2.7	(113.2)	(43.3)	(12.3)	(57.6)	–
	930.3	(14.7)	1,099.9	(110.6)	(1,108.6)	104.6
Other financial liabilities						
Trade payables	898.7	(898.7)	(898.7)	–	–	–
Financial guarantee liabilities	21.4	(21.4)	(2.4)	(5.0)	(8.4)	(5.6)
	920.1	(920.1)	(901.1)	(5.0)	(8.4)	(5.6)
Total	11,971.6	(14,381.7)	(1,381.2)	(1,619.6)	(3,950.4)	(7,430.5)
Derivative financial assets						
Financing derivatives	(160.3)	3,227.1	526.9	1,926.5	680.0	93.7
Operating derivatives designated at fair value	(685.0)	(1,278.3)	(1,077.7)	(223.3)	11.9	10.8
	(845.3)	1,948.8	(550.8)	1,703.2	691.9	104.5
Net total⁽ⁱ⁾	11,126.3	(12,432.9)	(1,932.0)	83.6	(3,258.5)	(7,326.0)

	2025	2025	2025	2025	2025	2025
	Carrying value	Contractual cash	0 – 12 months	1 – 2 years	2 – 5 years	> 5 years
	£m	flows	£m	£m	£m	£m
		£m				
Liquidity risk						
Financial liabilities						
Loans and borrowings						
Commercial paper and cash advances	1,230.5	(1,243.0)	(1,243.0)	–	–	–
Loans – floating	200.0	(233.3)	(11.1)	(11.1)	(211.1)	–
Loans – fixed	1,300.4	(1,669.0)	(54.6)	(346.7)	(459.1)	(808.6)
Unsecured bonds – fixed	7,507.1	(10,125.6)	(777.9)	(792.8)	(1,999.5)	(6,555.4)
Fair value adjustment	(88.6)	–	–	–	–	–
	10,149.4	(13,270.9)	(2,086.6)	(1,150.6)	(2,669.7)	(7,364.0)
Lease liabilities	455.0	(711.9)	(75.2)	(64.4)	(169.1)	(403.2)
	10,604.4	(13,982.8)	(2,161.8)	(1,215.0)	(2,838.8)	(7,767.2)
Derivative financial liabilities						
Operating derivatives designated at fair value	162.1	387.3	(81.1)	205.9	92.4	170.1
Interest rate swaps used for hedging	76.8	(76.8)	(45.5)	(17.4)	(12.6)	(1.3)
Interest rate swaps designated at fair value	31.0	(31.0)	(7.4)	(7.5)	(5.5)	(10.6)
Forward foreign exchange contracts held for hedging	19.9	(975.4)	(258.1)	(171.8)	(545.5)	–
Forward foreign exchange contracts designated at fair value	4.2	(474.0)	(413.6)	(56.2)	(4.2)	–
	294.0	(1,169.9)	(805.7)	(47.0)	(475.4)	158.2
Other financial liabilities						
Trade payables	710.7	(710.7)	(710.7)	–	–	–
Financial guarantee liabilities	25.5	(25.5)	(2.4)	(7.8)	(3.6)	(11.7)
	736.2	(736.2)	(713.1)	(7.8)	(3.6)	(11.7)
Total	11,634.6	(15,888.9)	(3,680.6)	(1,269.8)	(3,317.8)	(7,620.7)
Derivative financial assets						
Financing derivatives	(83.7)	793.5	544.2	172.9	70.9	5.5
Operating derivatives designated at fair value	(158.2)	366.5	304.6	26.0	24.0	11.9
	(241.9)	1,160.0	848.8	198.9	94.9	17.4
Net total⁽ⁱ⁾	11,392.7	(14,728.9)	(2,831.8)	(1,070.9)	(3,222.9)	(7,603.3)

(i) The Group believes the liquidity risk associated with out-of-the-money operating derivative contracts needs to be considered in conjunction with the profile of payments or receipts arising from derivative financial assets. It should be noted that cash flows associated with future energy sales and commodity contracts which are not IFRS 9 financial instruments are not included in this analysis, which is prepared in accordance with IFRS 7 "Financial Instruments: Disclosures".

A6. Financial risk management continued

A6.4 Commodity risk

The Group's Energy Markets business implements the hedging policy through trading in the commodity markets and manages the requirement for the delivery of the Group's physical commodity needs as part of its normal course of business. The risk management activity carried out by SSE Energy Markets arises from the Group's requirement to source gas, electricity or other commodities such as renewable obligation certificates for Energy Customer Solutions, and to procure fuel and other commodities and provide a route-to-market and risk management services for SSE Renewables and SSE Thermal.

Current hedging approach

The Group has traded in three principal commodities during the year, as well as the spreads between two or more commodity prices: power (baseload and other products); gas; and carbon (emissions allowances). Each commodity has different liquidity characteristics, which impacts on the degree of hedging possible. Similarly, each of the Group's assets carries different exposures to the commodity market and thus requires a different approach to hedging. As such, the Group's current hedging approach varies by each class of asset as follows:

Asset class	Minimum Hedge Target	Principal Commodity Exposures
Wind	Target to hedge less than 100% of anticipated wind energy output for the coming 12 months, progressively establishing the hedge over the 36 months prior to delivery.	Power
Hydro	Target to hedge less than 100% of forecast generation 12 months in advance of delivery, progressively established over the 36 months prior to delivery.	Power
Thermal	Hedging for the flexible thermal fleet is by its nature dynamic, changing as market values vary with a constant process of re-optimisation to accrue future value for the Thermal fleet.	Power, Gas, Carbon
Gas Storage	The assets were commercially operated throughout the year and the business managed its exposure to changes in the spread between summer and winter prices, market volatility and plant availability.	Gas
SSE Business Energy	Sales to contract customers are 100% hedged: at point of sale for fixed, upon instruction for flexi and on a rolling basis for tariff customers.	Power, Gas

However, there are three principal areas where significant variations in earnings cannot be fully mitigated through hedging:

- The impact of the weather on the volume of electricity produced from renewable sources;
- The impact of operational matters such as unplanned outages; and
- The ability of flexible thermal power stations to earn extrinsic income by providing services to the electricity system and by responding to shorter-term electricity market conditions.

Hedging is carried out by each asset class trading internally with SSE Energy Markets to affect these hedges and SSE Energy Markets then trading onwards with external counterparties and markets. SSE Energy Markets is only able to accept internal trades when there is sufficient liquidity to offset them in the external market or they can be offset with internal trades from other asset classes. In this way, the commodity risks to which SSE Energy Markets is individually exposed, are minimised.

The volumetric extent to which assets are hedged are reported monthly to the Group Energy Markets Exposures Risk Committee, and to the Energy Markets Risk Committee ("EMRC") on at least a quarterly basis. Variations to the hedging approach above will be required as markets and other factors (such as asset disposals) change. The EMRC also receives reporting on credit risk, other risk measures, and market liquidity in assessing whether any variations to the hedging approach are required.

The Group measures and manages the Commodity Risk associated with the financial and non-financial commodity contracts it is exposed to. However, within the Group's financial statements only certain commodity contracts are designated as financial instruments under IFRS 9. As a result, it is only the fair value of those IFRS 9 financial instruments which represents the exposure of the Group's commodity price risk under IFRS 7. This is a consequence of the Group's accounting policy which stipulates that commodity contracts which are designated as financial instruments under IFRS 9 should be accounted for on a fair value basis with changes in fair value reflected in profit or equity. Conversely, commodity contracts that are not designated as financial instruments under IFRS 9 will be accounted for as "own use" contracts. As fair value changes in own use contracts are not reflected through profit or equity, these do not represent the IFRS 7 commodity price risk. Furthermore, other physical contracts can be treated as the hedging instrument in documented cash flow hedging relationships where the hedged item is the forecast future purchase requirement to meet production or customer demand. The accounting policies associated with financial instruments are explained in the Accompanying Information section [A1](#).

Sensitivity analysis

The Group's exposure to commodity price risk according to IFRS 7 is measured by reference to the Group's IFRS 9 commodity contracts. IFRS 7 requires disclosure of a sensitivity analysis for market risks that is intended to illustrate the sensitivity of the Group's financial position and performance to changes in market variables impacting upon the fair value or cash flows associated with the Group's financial instruments.

Therefore, the sensitivity analysis provided discloses the effect on profit or loss and equity at the balance sheet date assuming that a reasonably possible change in the relevant commodity price had occurred and been applied to the risk exposures in existence at that date. The reasonably possible changes in commodity prices used in the sensitivity analysis were determined based on calculated or implied volatilities where available, or historical data.

The sensitivity analysis has been calculated on the basis that the proportion of commodity contracts that are IFRS 9 financial instruments remains consistent with those at that point. Excluded from this analysis are all commodity contracts that are not financial instruments under IFRS 9.

	2026		2025	
	Base Price ⁽ⁱ⁾	Reasonably possible increase/decrease in variable	Base Price ⁽ⁱ⁾	Reasonably possible increase/decrease in variable
Commodity prices				
UK gas (p/therm)	92	+62/-47	89	+50/-40
EU gas (€/MWh) ⁽ⁱⁱ⁾	–	–	34	+19/-15
UK power (£/MWh)	101	+94/-70	88	+39/-34
UK carbon (£/tonne)	43	+27/-21	45	+23/-19
EU carbon (€/tonne)	79	+37/-30	71	+40/-32
IRL power (€/MWh)	141	+65/-51	123	+59/-48
EU power (€/MWh) ⁽ⁱⁱ⁾	–	–	31	+11/-10

(i) The base price represents the weighted average forward market price over the duration of the active market curve used to calculate the sensitivity analysis. The reasonably possible increase/decrease in market prices has been determined via SSE Energy Markets price model simulations and the volatility assumptions of the model have been calibrated from a look-back analysis over the previous 12 month period.

(ii) A price sensitivity is not presented for EU power or EU gas as the Group had no EU power volumetric exposure and a net nil EU gas volumetric exposure at the reporting date; accordingly, there would be no impact from a reasonably possible increase or decrease in these commodity prices.

The impacts of reasonably possible changes in commodity prices on profit after taxation based on the rationale described are as follows:

	2026 Impact on profit and equity £m	2025 Impact on profit and equity £m
Incremental profit/(loss)		
Commodity prices combined – increase	(645.2)	(287.1)
Commodity prices combined – decrease	487.4	212.6

The sensitivity analysis provided is hypothetical and is based on the exposure to energy-related commodities, and their corresponding valuation under IFRS 9, that the Group has at each year end. This analysis should be used with caution as the impacts disclosed are not necessarily indicative of the actual impacts that would be experienced given it does not consider all interrelationships, consequences and effects of such a change in those prices.

A6.5 Currency risk

The Group presents its consolidated financial statements in pounds Sterling. The Group is exposed to foreign currency risk arising from transactions denominated in currencies other than Sterling and from its net investments in foreign operations. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Group's transaction costs or in the underlying foreign currency assets of its foreign operations.

The Group's policy is to use forward contracts, swaps and options to manage its exposures to foreign exchange risk. All such exposures are transactional in nature, and relate primarily to procurement contracts, commodity purchasing and related freight requirements, commodity hedging, long term plant servicing and maintenance agreements and the purchase and sale of carbon emission certificates. The policy is to seek to hedge 100% of its currency requirements arising under all committed contracts excepting commodity hedge transactions, the requirements for which are significantly less predictable. The policy for these latter transactions is to assess the Group's requirements on a rolling basis and to enter into cover contracts as appropriate.

The Group has foreign operations with significant Euro-denominated and JPY-denominated net assets. The Group's policy is to hedge its net investment in its foreign operations by ensuring the net assets whose functional currency cash flows are denominated in foreign currencies are matched by borrowings in the same currency. For SSE Pacifico, whose functional currency is JPY but which presently has limited capital commitments, SSE has no JPY denominated borrowings and hence has no current net investment hedge. For the acquired net assets whose functional cash flows are in Sterling, the Group will ensure Sterling denominated borrowings are in place to minimise currency risk.

Significant exposures are reported to, and discussed by, the Tax and Treasury Committee on an ongoing basis and additionally form part of the bi-annual Treasury report to the Audit Committee.

At the balance sheet date, the total nominal value of outstanding forward foreign exchange contracts that the Group has committed to is:

	2026 £m	2025 £m
Forward foreign exchange contracts	8,286.1	4,086.1

A6. Financial risk management continued

A6.5 Currency risk continued

The Group's exposure to foreign currency risk was as follows:

	2026						2025				
	SEK (million)	\$ (million)	€ (million)	CNH (million)	CHF (million)	NOK (million)	SEK (million)	\$ (million)	€ (million)	CNH (million)	CHF (million)
Loans and borrowings	–	244.0	5,427.5	–	–	3,000.0	–	244.0	5,200.0	–	–
Purchase and commodity contract commitments	28,154.3	815.5	3,050.9	29.6	10.4	198.4	4,881.7	33.8	1,743.7	–	10.4
Gross exposure	28,154.3	1,059.5	8,478.4	29.6	10.4	3,198.4	4,881.7	277.8	6,943.7	–	10.4
Forward exchange/swap contracts	28,154.3	1,059.5	5,596.5	29.6	10.4	3,198.4	4,881.7	277.8	4,028.9	–	10.4
Net exposure (in currency)	–	–	2,881.9	–	–	–	–	–	2,914.8	–	–
Net exposure (in £m)	–	–	2,516.7	–	–	–	–	–	2,441.6	–	–

This represents the net exposure to foreign currencies, reported in pounds Sterling, and arising from all Group activities. All sensitivity analysis has been prepared on the basis of the relative proportions of instruments in foreign currencies being consistent as at the balance sheet date. This includes only monetary assets and liabilities denominated in a currency other than Sterling and excludes the translation of the net assets of foreign operations but not the corresponding impact of the net investment hedge.

The following sensitivity analysis is provided for monetary assets in Euro only, as the only currency with significant net exposure as at the current and prior year end, as noted above. The sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations are based on linear extrapolations of rate changes which may not reflect the actual result which would impact upon the Group.

The majority of these contracts are held to limit exposure to foreign currency movements on asset procurement contracts. A 10% change in foreign currency exchange rates would have had the following impact on profit after taxation, based on the assumptions presented above:

	Equity		Income statement	
	At 31 March 2026 £m	At 31 March 2025 £m	At 31 March 2026 £m	At 31 March 2025 £m
Euro	187.6	167.5	22.2	35.9

The impact of a decrease in rates would be an identical reduction in the annual charge.

A6.6 Interest rate risk

Interest rate risk arises from the Group's exposure to changes in the value of financial assets and liabilities, and to variability in future cash flows, resulting from movements in market interest rates.

The Group manages this risk by maintaining a fixed interest rate profile. At each reporting period end, the Group's policy is to ensure that at least 80% of debt is fixed for the following 12 months, at least 70% is fixed for the 12 month period commencing in 12 months' time and at least 60% is fixed for the 12-month period commencing in 24 months' time, either directly through the debt instruments themselves or through the use of derivative financial instruments. Floating rate borrowings are provided by banks including the European Investment Bank (EIB) and the short term issuance on the €1.5bn commercial paper programme. Derivative instruments used to manage interest rate risk include interest rate swaps and options, forward rate agreements and, where debt is raised in currencies other than Sterling, cross-currency interest rate swaps. These practices serve to reduce the volatility of the Group's financial performance.

Interest rate derivatives are primarily used to hedge risk relating to existing borrowings; in certain circumstances, derivatives may also be used to hedge forecast 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. Floating rate borrowings mainly comprise term loans from the European Investment Bank (EIB), and other relationship banks as well as outstanding commercial paper issuance. At the reporting date, the Group also held a surplus cash of £1,542.9m (2025: £1,090.5m), which gives rise to interest rate exposure.

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 income statement and are therefore not sensitive to interest rate movements in the profit or loss. Changes in variable rate assets and liabilities, including those arising from floating rate working capital arrangements and forecast interest cash flows, are managed through the use of derivative financial instruments, including fixed-to-floating cross-currency interest rate swaps. Where fair value hedge accounting is applied, changes in the fair value of both the hedged items and the hedging instruments that are attributable to interest rate risk are recognised in the income statement. Where cash flow hedging accounting is applied, the effective portion of movements in the hedging instruments is initially recognised in other comprehensive income and subsequently reclassified to the income statement as the hedged cash flows affect profit or loss. Accordingly, the interest rate exposure reflects the Group's variable rate debt, forecast interest cash flows and related derivative instruments, rather than its fixed rate instruments.

The net exposure to interest rates at the balance sheet date can be summarised thus:

	2026 Carrying amount £m	2025 Carrying amount £m
Interest bearing/earning assets and liabilities:		
– fixed	(9,424.5)	(9,901.8)
– floating	913.8	349.1
	(8,510.7)	(9,552.7)
Represented by:		
Cash and cash equivalents	1,542.9	1,090.5
Derivative financial assets/(liabilities)	67.6	(38.8)
Loans and borrowings	(9,664.5)	(10,149.4)
Lease liabilities	(456.7)	(455.0)
	(8,510.7)	(9,552.7)

The table below illustrates the expected impact on the income statement of a change of 100 basis points parallel shift in short term interest rates at the reporting date. The analysis assumes that the interest rate change occurs at the balance sheet date and all other variables remain constant.

The sensitivity is calculated based on the Group's interest rate risk exposures outstanding at the balance sheet date, reflecting the proportion of fixed to floating instruments at that date, and is stated after the effect of taxation. The analysis incorporates the impact of derivative instruments designated in hedge accounting relationships, where applicable.

The sensitivity analysis is indicative only. The Group's exposure to interest rate movements changes over time as the level and mix of debt and derivative instruments vary, and year-end balances are not necessarily representative of average exposures during that period. The calculation is based on linear extrapolations of interest rate movements and may not reflect the actual impact on the Group's results.

	2026 £m	2025 £m
Income statement	4.7	5.6

A decrease in interest rates of an equal magnitude would result in a corresponding reduction in the annual charge. There is no impact on equity as the analysis relates to the Group's net exposure at the balance sheet date.

A7. Fair value of financial instruments

A7.1 Fair value of financial instruments within the Group

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

	2026	2026	2026	2026	2025	2025	2025	2025
	Amortised cost ⁽ⁱ⁾ £m	FVTPL/ FVTOCI ⁽ⁱⁱ⁾ £m	Total carrying value £m	Fair value £m	Amortised cost ⁽ⁱ⁾ £m	FVTPL/ FVTOCI ⁽ⁱⁱ⁾ £m	Total carrying value £m	Fair value £m
Financial assets								
Current								
Trade receivables	1,370.2	–	1,370.2	1,370.2	1,480.2	–	1,480.2	1,480.2
Other receivables	6.8	–	6.8	6.8	6.6	–	6.6	6.6
Cash collateral and other deposits	25.3	–	25.3	25.3	19.2	–	19.2	19.2
Cash and cash equivalents	1,542.9	–	1,542.9	1,542.9	1,090.5	–	1,090.5	1,090.5
Derivative financial assets	–	651.4	651.4	651.4	–	178.4	178.4	178.4
	2,945.2	651.4	3,596.6	3,596.6	2,596.5	178.4	2,774.9	2,774.9
Non-current								
Unquoted equity investments	–	7.6	7.6	7.6	–	8.8	8.8	8.8
Loan note receivable	220.0	–	220.0	220.0	193.5	–	193.5	193.5
Loans to associates and jointly controlled entities	1,621.2	–	1,621.2	1,621.2	1,510.3	–	1,510.3	1,510.3
Derivative financial assets	–	193.9	193.9	193.9	–	63.5	63.5	63.5
	1,841.2	201.5	2,042.7	2,042.7	1,703.8	72.3	1,776.1	1,776.1
	4,786.4	852.9	5,639.3	5,639.3	4,300.3	250.7	4,551.0	4,551.0
Financial liabilities								
Current								
Trade payables	(898.7)	–	(898.7)	(898.7)	(710.7)	–	(710.7)	(710.7)
Outstanding liquid funds	(271.3)	–	(271.3)	(271.3)	(82.5)	–	(82.5)	(82.5)
Loans and borrowings ⁽ⁱⁱⁱ⁾	(1,112.1)	(12.5)	(1,124.6)	(1,123.7)	(1,924.3)	28.8	(1,895.5)	(1,937.0)
Lease liabilities	(79.8)	–	(79.8)	(79.8)	(68.5)	–	(68.5)	(68.5)
Financial guarantee liabilities	–	(2.4)	(2.4)	(2.4)	–	(2.4)	(2.4)	(2.4)
Derivative financial liabilities	–	(641.1)	(641.1)	(641.1)	–	(126.3)	(126.3)	(126.3)
	(2,361.9)	(656.0)	(3,017.9)	(3,017.0)	(2,786.0)	(99.9)	(2,885.9)	(2,927.4)
Non-current								
Loans and borrowings ⁽ⁱⁱⁱ⁾	(8,536.7)	(3.2)	(8,539.9)	(8,133.3)	(8,313.7)	59.8	(8,253.9)	(7,960.4)
Lease liabilities	(376.9)	–	(376.9)	(376.9)	(386.5)	–	(386.5)	(386.5)
Financial guarantee liabilities	–	(19.0)	(19.0)	(19.0)	–	(23.1)	(23.1)	(23.1)
Derivative financial liabilities	–	(289.2)	(289.2)	(289.2)	–	(167.7)	(167.7)	(167.7)
	(8,913.6)	(311.4)	(9,225.0)	(8,818.4)	(8,700.2)	(131.0)	(8,831.2)	(8,537.7)
	(11,275.5)	(967.4)	(12,242.9)	(11,835.4)	(11,486.2)	(230.9)	(11,717.1)	(11,465.1)
Net financial liabilities	(6,489.1)	(114.5)	(6,603.6)	(6,196.1)	(7,185.9)	19.8	(7,166.1)	(6,914.1)

(i) Financial assets and liabilities that are measured at amortised cost.

(ii) Financial assets and liabilities that are measured at either Fair Value through Profit and Loss (Derivative Financial Assets and Liabilities) or Fair Value through other comprehensive income (Unquoted Equity Investments)

(iii) The fair value through profit or loss attributable to loans and borrowings totalling £15.7m (2025: £88.6m) relates to fair value hedges that are in place against the Group's loans and borrowings. At 31 March 2026, Scottish Hydro Electric Transmission plc had no drawings under its revolving credit facility (2025: £340.0m). The £340.0m drawn at 31 March 2025 was 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.

A7.1.1 Basis of determining fair value

Certain assets and liabilities have been classified and carried at amortised cost on inception in line with IFRS 9 criteria. The carrying value of these assets are approximately equivalent to fair value due to short term maturity aside from loans and borrowings which are subject to longer maturity dates.

All other financial assets and liabilities are measured at either Fair Value through Profit and Loss ("FVTPL") or Fair Value through Other Comprehensive Income ("FVTOCI"). Fair values for energy derivatives are based on unadjusted quoted market prices, where actively traded. For energy derivatives that are not actively traded, interest rate instruments, foreign currency hedge contracts and cross currency swap contracts associated with foreign currency denominated long term fixed rate debt, the fair values are determined by reference to closing rate market prices for similar instruments. Fair values for unquoted equity instruments are derived from venture capital or growth equity firm valuation statements. Fair values for financial guarantee contracts are equal to the premium or fee received/charged.

The fair values are stated at a specific date and may be different from the amounts which will actually be paid or received on settlement of the instruments. The fair value of items such as property, plant and equipment, internally generated brands or the Group's customer base are not included as these are not considered financial instruments.

A7.2 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from unadjusted quoted market prices for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	2026				2025			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Energy derivatives	460.3	213.1	11.6	685.0	71.5	80.9	5.8	158.2
Interest rate derivatives	–	116.8	–	116.8	–	68.9	–	68.9
Foreign exchange derivatives	–	43.5	–	43.5	–	14.8	–	14.8
Unquoted equity investments	–	–	7.6	7.6	–	–	8.8	8.8
	460.3	373.4	19.2	852.9	71.5	164.6	14.6	250.7
Financial liabilities								
Energy derivatives	–	(787.8)	(56.1)	(843.9)	–	(80.8)	(81.3)	(162.1)
Interest rate derivatives	–	(49.2)	–	(49.2)	–	(107.8)	–	(107.8)
Foreign exchange derivatives	–	(37.2)	–	(37.2)	–	(24.1)	–	(24.1)
Loans and borrowings*	–	(15.7)	–	(15.7)	–	88.6	–	88.6
	–	(889.9)	(56.1)	(946.0)	–	(124.1)	(81.3)	(205.4)

* At 31 March 2025, the £88.6m relates to fair value hedges that are in place against the Group's loans and borrowings and has been included in the table above within financial liabilities, as it is presented in loans and borrowings liabilities in the balance sheet.

The table above excludes financial guarantee liabilities measured in accordance with IFRS 17. There were no significant transfers out of Level 1 into Level 2 and out of Level 2 into Level 1 during the current and prior year. There were no significant transfers out of Level 2 into Level 3 or out of Level 3 into Level 2 during the current and prior year.

The Group has an Affiliate Contract for Difference ("ACfD") agreement with Seagreen Wind Energy Limited ("SWEL") with a 5 year term. SWEL is a wholly owned subsidiary of Seagreen Holdco 1 Limited, a joint venture between the Group (49%) and TotalEnergies (25.5%) and PTT Exploration & Production Public Company Limited (PTTEPP) (25.5%) and TOTAL SE has an equivalent ACfD with SWEL. The Group also has some smaller commercial CfD arrangements with non-government third parties that are also classified as derivatives. The ACfD and the commercial CfDs meet the definition of financial instruments and are classified as Level 3 on the fair value hierarchy due to significant unobservable inputs in the determination of fair value.

The fair value measurement impact in the income statement attributable to Level 3 CfDs was a gain of £30.0m (2025: £23.9m gain). The fair value was determined using the income approach with reference to future market prices which are beyond the liquid period in the forward market.

The non-government CfDs were issued for £nil consideration, being the deemed transaction price. The Group has calculated that the contracts had a fair value on day 1, being the difference between the strike price per the contract and the forward market spot price. This valuation is based on unobservable inputs and is considered judgemental. Key assumptions applied when deriving the fair value are related to discount rates; electricity volumes; and electricity prices. In line with IFRS 9, the day 1 gain is deferred and will be recognised over the life of the contract.

A7. Fair value of financial instruments continued

A7.2 Fair value hierarchy continued

The following table represents the difference between the Level 3 financial instruments at fair value at the start of the reporting period and at the reporting date:

	2026 £m	2025 £m
Level 3 financial instrument fair value at 1 April	(66.7)	(97.6)
Additions	(3.4)	3.4
Transfer from financial assets	–	4.6
Disposals in year	(2.9)	(0.1)
Cash settlement	(28.6)	(38.5)
Re-measurement gain recognised in income statement	37.4	5.2
Re-measurement loss recognised in other comprehensive income	0.1	(0.8)
Additions – new instruments entered in the year	(10.3)	342.3
Deferred day 1 gains on instruments entered in the year	10.3	(342.3)
Instruments derecognised in the year	–	(342.0)
Deferred day 1 gains derecognised in the year	–	370.7
Amortisation of day 1 gains in the year	27.2	28.4
Level 3 financial instrument fair value at 31 March	(36.9)	(66.7)

The following table details the valuation technique, significant unobservable inputs and the range of values for the energy derivatives measured at fair value on a recurring basis and classified as Level 3.

	Carrying value (net) £m	Valuation technique	Significant unobservable input	Market price range (min-max) £/MwH
31 March 2026	45.5	Discounted cash flow	Electricity prices, Generation volumes	49 – 100
31 March 2025	75.5	Discounted cash flow	Electricity prices, Generation volumes	49 – 99

Deferred measurement differences

	2026 £m	2025 £m
Deferred measurement difference at 1 April	356.7	413.5
Deferred measurement difference adjustment in the year	(5.0)	–
Deferred measurement difference arising during the year on new instruments	(10.3)	342.3
Deferred measurement differences derecognised in the year	–	(370.7)
Deferred measurement difference recognised during the year	(27.2)	(28.4)
Deferred measurement difference at 31 March	314.2	356.7

The following table shows the impact on the fair value of the Level 3 energy derivatives when applying reasonably possible alternative assumptions to the valuation obtained using the discounted cash flow model.

Assumption	At 31 March 2026		At 31 March 2025	
	Increase/decrease in assumption	Effect on fair value of deferred measurement differences £m	Increase/decrease in assumption	Effect on fair value of deferred measurement differences £m
Discount rate	+1%/-1%	(10.6)/11.5	+1%/-1%	(12.8)/13.9
Volumes	+10%/-10%	28.4/(28.4)	+10%/-10%	26.5/(28.7)
Prices	+10%/-10%	115.1/(115.1)	+10%/-10%	87.5/(87.5)

A8. Hedge accounting

A8.1 Cash flow hedges

The Group designates qualifying derivative contracts as either as cash flow hedges or fair value hedges for hedge accounting purposes. Cash flow hedges are used to hedge exposures to variability in cash flows from forecast transactions, primarily arising from changes in interest rates or foreign currency exchange rates. The Group's accounting policy on hedge accounting is set out in the Accompanying Information section A1.

Following adoption of IFRS 9 on 1 April 2019, the Group elected to continue to apply IAS 39 for hedge accounting. The Group will adopt the hedge accounting requirements of IFRS 9 from 1 April 2026 to align its hedge accounting more closely with the Group's risk management objectives. The impact of adoption is disclosed in note 2.2.

The following table indicates the contractual maturity profile of forecast transactions and the associated qualifying cash flow hedging instruments. Non-Sterling denominated contractual cash flows have been translated using the relevant forward foreign exchange rates.

	2026						2025					
	Carrying amount £m	Expected cash flows £m	0 – 12 months £m	1 – 2 years £m	2 – 5 years £m	> 5 years £m	Carrying amount £m	Expected cash flows £m	0 – 12 months £m	1 – 2 years £m	2 – 5 years £m	> 5 years £m
Cash flow hedges												
Interest rate swaps:												
Assets	33.6	34.8	7.1	20.5	(13.8)	21.0	15.4	16.5	5.9	5.3	5.3	–
Liabilities	(2.9)	(3.0)	–	(0.4)	(14.3)	11.7	–	–	–	–	–	–
	30.7	31.8	7.1	20.1	(28.1)	32.7	15.4	16.5	5.9	5.3	5.3	–
Cross currency swaps:												
Assets	62.2	85.9	16.2	(37.4)	(17.1)	124.2	32.7	48.5	7.9	7.2	(46.1)	79.5
Liabilities	(26.7)	(19.6)	(22.5)	(22.2)	(34.1)	59.2	(74.2)	(75.4)	(43.2)	(13.4)	(37.1)	18.3
	35.5	66.3	(6.3)	(59.6)	(51.2)	183.4	(41.5)	(26.9)	(35.3)	(6.2)	(83.2)	97.8
Forward foreign exchange contracts:												
Assets	41.9	3,011.6	435.9	1,913.4	642.9	19.4	9.6	584.8	292.9	133.5	158.4	–
Liabilities	(34.6)	2,410.9	447.5	780.3	1,183.1	–	(19.7)	861.1	234.8	182.2	444.1	–
	7.3	5,422.5	883.4	2,693.7	1,826.0	19.4	(10.1)	1,445.9	527.7	315.7	602.5	–

A8.2 Net investment hedge

The Group's net investment hedge consists of debt issued in the same currency (€) as the net investment in foreign subsidiaries with € denominated functional currencies being the Airicity Supply business within Energy Customer Solutions, the thermal plants in Ireland and wind farms in Ireland and Southern Europe. The hedge compares the element of the net assets whose functional cash flows are denominated in € to the matching portion of the € borrowings held by the Group. This therefore provides protection against movements in foreign exchange rates. There is no net investment hedge in relation to SSE Pacifico as the Group has no JPY denominated debt.

Gains and losses on the hedging instruments are recognised in equity and will be transferred to the income statement on disposal of the foreign operation (2026: £87.5m loss, 2025: £36.0m gain). Gains and losses on the ineffective portion of the hedge relationship are recognised immediately in the income statement (2026: £nil, 2025: £nil).

Company balance sheet

as at 31 March 2026

	Note	2026 £m	2025 £m
Assets			
Equity investments in joint ventures and associates	3	–	4.0
Loans to joint ventures and associates	3	86.7	83.5
Investments in subsidiaries	4	1,991.6	1,976.2
Trade and other receivables	5	13,522.7	9,412.2
Derivative financial assets	11	20.8	25.1
Retirement benefit assets	10	364.3	353.7
Non-current assets		15,986.1	11,854.7
Trade and other receivables	5	524.5	2,317.8
Cash and cash equivalents		1,411.7	987.6
Derivative financial assets	11	13.2	22.1
Current assets		1,949.4	3,327.5
Total assets		17,935.5	15,182.2
Liabilities			
Loans and other borrowings	8	824.6	1,895.5
Trade and other payables	6	2,161.9	1,638.6
Current tax liability	7	44.7	36.5
Financial guarantee liabilities	12	9.1	9.3
Provisions	14	32.4	23.9
Derivative financial liabilities	11	0.5	53.6
Current liabilities		3,073.2	3,657.4
Loans and other borrowings	8	3,727.7	3,940.7
Deferred tax liabilities	7	76.4	83.5
Financial guarantee liabilities	12	73.1	90.8
Provisions	14	158.7	177.7
Derivative financial liabilities	11	36.6	53.0
Non-current liabilities		4,072.5	4,345.7
Total liabilities		7,145.7	8,003.1
Net assets		10,789.8	7,179.1
Equity			
Share capital	9	607.7	555.6
Share premium		2,738.9	812.6
Capital redemption reserve		52.6	52.6
Hedge reserve		24.7	37.3
Retained earnings		4,380.1	3,838.6
Equity attributable to ordinary shareholders of the parent		7,804.0	5,296.7
Hybrid equity	9	2,985.8	1,882.4
Total equity		10,789.8	7,179.1

Result for the year

In accordance with the concession granted under section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company have not been separately presented in these financial statements. The profit for the year dealt with in the financial statements of the Company was £1,186.4m (2025: £1,338.2m) including dividends received from subsidiaries of £1,175.5m (2025: £1,615.0m).

These financial statements were approved by the Board of Directors on 27 May 2026 and signed on their behalf by:

Barry O'Regan,
Chief Financial Officer

Sir John Manzoni,
Chairman

SSE plc

Registered No: SC117119

Company statement of changes in equity

for the year ended 31 March 2026

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity £m
At 1 April 2025	555.6	812.6	52.6	37.3	3,838.6	5,296.7	1,882.4	7,179.1
Profit for the year	–	–	–	–	1,113.5	1,113.5	72.9	1,186.4
Other comprehensive income	–	–	–	(12.6)	(1.6)	(14.2)	–	(14.2)
Total comprehensive income for the year	–	–	–	(12.6)	1,111.9	1,099.3	72.9	1,172.2
Dividends to shareholders	–	–	–	–	(734.1)	(734.1)	–	(734.1)
Scrip dividend related share issue	3.2	(3.2)	–	–	133.0	133.0	–	133.0
Issue of shares net of costs	48.9	1,929.5	–	–	–	1,978.4	–	1,978.4
Issue of treasury shares	–	–	–	–	17.4	17.4	–	17.4
Distributions to Hybrid equity holders	–	–	–	–	–	–	(72.9)	(72.9)
Issue of Hybrid equity	–	–	–	–	–	–	1,103.4	1,103.4
Credit in respect of employee share awards	–	–	–	–	38.7	38.7	–	38.7
Investment in own shares ⁽ⁱ⁾	–	–	–	–	(25.4)	(25.4)	–	(25.4)
At 31 March 2026	607.7	2,738.9	52.6	24.7	4,380.1	7,804.0	2,985.8	10,789.8

for the year ended 31 March 2025

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity £m
At 1 April 2024	548.1	820.1	52.6	17.0	3,016.6	4,454.4	1,882.4	6,336.8
Profit for the year	–	–	–	–	1,264.5	1,264.5	73.7	1,338.2
Other comprehensive income	–	–	–	20.3	5.3	25.6	–	25.6
Total comprehensive income for the year	–	–	–	20.3	1,269.8	1,290.1	73.7	1,363.8
Dividends to shareholders	–	–	–	–	(671.0)	(671.0)	–	(671.0)
Scrip dividend related share issue	7.5	(7.5)	–	–	268.9	268.9	–	268.9
Issue of treasury shares	–	–	–	–	17.8	17.8	–	17.8
Distributions to Hybrid equity holders	–	–	–	–	–	–	(73.7)	(73.7)
Share buyback	–	–	–	–	(71.7)	(71.7)	–	(71.7)
Credit in respect of employee share awards	–	–	–	–	22.3	22.3	–	22.3
Investment in own shares ⁽ⁱ⁾	–	–	–	–	(14.1)	(14.1)	–	(14.1)
At 31 March 2025	555.6	812.6	52.6	37.3	3,838.6	5,296.7	1,882.4	7,179.1

(i) Investment in own shares is the purchase of own shares less the settlement of Treasury shares for certain employee share schemes.

Notes to the Company financial statements

for the year ended 31 March 2026

1. Principal accounting policies

1.1 General information

SSE plc (the "Company") is a company domiciled in Scotland. The address of the registered office is given on the back cover. The Company financial statements present information about the Company as a separate entity and not about the Group.

1.2 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 Disclosure Framework".

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement and related notes.

It has also taken advantage of the following disclosure exemptions available under FRS 101.

- A cash flow statement and related notes;
- Related party disclosures;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

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 disclosure:

- Certain disclosures required by IFRS 13 "Fair value measurement" and the disclosures required by IFRS 7 "Financial instrument disclosures".

The Company previously assessed that, on the basis of materiality, the disclosures required under IFRS 2 "Share-based Payment" should be removed. The Company has assessed that at 31 March 2026 these disclosures continue to be immaterial to the Company's financial statements.

New standards, amendments and interpretations effected or adopted by the Company

During the year ended 31 March 2026, the Company adopted the amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates". Adoption of this amendment had no impact on these financial statements.

Following adoption of IFRS 9 on 1 April 2019, the Company elected to continue to apply IAS 39 for hedge accounting. From 1 April 2026, the Company will adopt the hedge accounting requirements of IFRS 9 to align its hedge accounting more closely with the Group's risk management objectives. In the period to 31 March 2026, the Company assessed its existing IAS 39 hedging relationships and concluded that those relationships continue to meet the IFRS 9 hedge accounting criteria. These hedging relationships will be designated as continuing hedges upon adoption of IFRS 9.

The Company will apply the prospective basis as permitted by IFRS 9, whereby comparative information is not restated. The impact on the income statement is immaterial.

The Company has elected to apply the cost of hedging approach, under which certain elements of the fair value of hedging instruments (such as forward points and currency basis spread) are recognised in other comprehensive income rather than profit or loss. These amounts will be accumulated in a cost of hedge equity reserve within equity and subsequently reclassified to profit or loss in the same period the hedged item affects profit or loss. On adoption, the cost of hedge reserve will be £0.3m. There is no impact on total equity as a result of this reclassification.

There were no other standards, amendments to standards or interpretations relevant to the Company's operations which were adopted during the year.

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future (further details are contained in A6 Accompanying Information of the consolidated financial statements). The financial statements are therefore prepared on a Going Concern basis.

Basis of measurement

The financial statements of the Company are prepared on the historical cost basis except for derivative financial instruments and assets of the Company pension scheme which are stated at their fair value, and liabilities of the Company pension scheme which are measured using the projected unit credit method. The Directors believe the financial statements present a true and fair view. The financial statements of the Company are presented in pounds Sterling and all values are rounded to the nearest million to one decimal place (£m), unless otherwise stated.

Critical accounting judgements and estimation uncertainty

In the process of applying the Company's accounting policies, management necessarily makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The Group's key accounting judgement and estimation areas are noted in [note 4.1](#) of the consolidated financial statements, with the most significant financial judgement areas as specifically discussed by the Audit Committee being highlighted separately. In particular, [note 4.1\(ii\)](#) Retirement benefit obligations, and the related disclosures in [note 23](#), [note 4.1\(iv\)](#) Valuation of other receivables and [note 4.3](#) Decommissioning costs, of the consolidated financial statements are relevant to the Company.

Material accounting policies

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

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any impairment charges.

Interests in joint arrangements and associates

Associates are those investments over which the Company has significant influence but neither control nor joint control.

The Company's joint ventures and associates are stated at cost less any impairment.

Applicable Group accounting policies

The following material accounting policies are consistent with those applied for the Group consolidated financial statements:

- Equity and equity-related compensation benefits (Supplementary information [A1.2](#))
- Defined benefit pension scheme (Supplementary information [A1.2](#))
- Taxation (Supplementary information [A1.2](#))
- Financial instruments (Supplementary information [A1.2](#) and [A6](#))
- Financial guarantee liabilities (Supplementary information [A1.2](#))

2. Supplementary financial information

2.1 Auditor's remuneration

The amounts paid to the Company's auditor in respect of the audit of these financial statements was £0.4m (2025: £0.4m).

Amounts paid to the Company's auditor in respect of services to the Company other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

2.2 Employee numbers

The average number of people employed by the Company (including Executive Directors) during the year was 2 (2025: 3).

The costs associated with the employees of the Company, who are the Executive Directors of the Group, are borne by Group companies. No amounts are charged to the Company.

2.3 Directors' remuneration and interests

Information concerning Directors' remuneration, shareholdings, options, long term incentive schemes and pensions is shown in the Remuneration Report on [pages 116 to 135](#). No Director had, during or at the end of the year, any material interest in any other contract of significance in relation to the Group's business.

3. Investments in associates and joint ventures

Share of net assets/cost	2026			2025		
	Equity £m	Loans £m	Total £m	Equity £m	Loans £m	Total £m
At 1 April	4.0	83.5	87.5	34.6	69.8	104.4
Additions	–	9.3	9.3	–	25.9	25.9
Repayment of shareholder loans	–	–	–	–	(12.2)	(12.2)
Impairment	(4.0)	(6.1)	(10.1)	(30.6)	–	(30.6)
At 31 March	–	86.7	86.7	4.0	83.5	87.5

The impairment recognised in the current and prior year relates to the investment in Neos Networks Limited. The current year impairment of £4.0m (2025: £30.6m) aligns the Company's investment value (cost less impairment) with the carrying value in the Group financial statements where the investment is equity accounted and a £6.1m expected credit loss impairment charge recognised against loans payable by Neos Networks Limited.

4. Subsidiary undertakings

Details of the Company's subsidiary undertakings are disclosed in the [Accompanying Information section \(A3\)](#).

Investment in subsidiaries

	2026 £m	2025 £m
At 1 April	1,976.2	1,963.6
Increase in existing investments ⁽ⁱ⁾	29.6	24.5
Investment decrease in respect of financial guarantees ⁽ⁱⁱ⁾	(14.2)	(11.9)
At 31 March	1,991.6	1,976.2

(i) The overall increase in investments held by the Company primarily relates to equity shares in the Company awarded to the employees of the subsidiaries of the Group under the Group's share schemes, which are recognised as an increase in the cost of investment in those subsidiaries as directed by IFRIC 11 (2026: £29.6m; 2025: £24.5m (both before tax)).

(ii) The investment decrease in respect of financial guarantees relates to £14.8m (2025: £18.6m) of unwind and expiry of guarantee contracts, less £0.6m (2025: £6.7m) for the fair value of fees receivable on guarantees granted to subsidiary investments during the year.

5. Trade and other receivables

The balances of current and non-current trade and other receivables in the current and prior financial year predominantly consists of amounts owed by subsidiary undertakings. At 31 March 2026 the Company assessed its exposure to expected credit losses on related party receivables under IFRS 9 and held a provision against future losses of £55.2m (2025: £54.3m).

During the year ended 31 March 2026 the Company provided capital contributions of £164.8m to its subsidiaries (2025: waived £510.3m of intercompany funding receivables due from other SSE Group companies), in both years the related charge has been expensed in the income statement.

6. Trade and other payables

The balances of current trade and other payables in the current and prior financial year predominantly consists of amounts due to subsidiary undertakings.

7. Taxation

Current tax liability

	2026 £m	2025 £m
Corporation tax liability	44.7	36.5

Deferred taxation

The following are the deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting periods:

	Fair value gains/(losses) on derivatives	Retirement benefit obligations	Other	Total
	£m	£m	£m	£m
At 31 March 2024	1.6	84.8	(3.9)	82.5
Charge/(credit) to income statement	0.8	1.7	(8.7)	(6.2)
Charge to other comprehensive income	3.1	1.9	–	5.0
Charge to equity	–	–	2.2	2.2
At 31 March 2025	5.5	88.4	(10.4)	83.5
Charge to income statement	1.5	3.5	0.9	5.9
Credit to other comprehensive income	(3.4)	(0.5)	–	(3.9)
Credit to equity	–	–	(9.1)	(9.1)
At 31 March 2026	3.6	91.4	(18.6)	76.4

Certain deferred tax assets and liabilities have been offset, including the asset balances analysed in the tables above. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2026 £m	2025 £m
Deferred tax liabilities	95.2	94.3
Deferred tax assets	(18.8)	(10.8)
Net deferred tax liability	76.4	83.5

The deferred tax assets/liabilities disclosed include the deferred tax relating to the Company's pension scheme liabilities.

8. Loans and borrowings

	2026 £m	2025 £m
Current		
Other short term loans	824.6	1,895.5
	824.6	1,895.5
Non-current		
Loans	3,727.7	3,940.7
	3,727.7	3,940.7
Total loans and borrowings	4,552.3	5,836.2

8.1 Borrowing facilities

The Company maintains a diversified portfolio of funding sources, including committed bank facilities, bond issuances, a €1.5bn commercial paper programme and private placements to support its liquidity requirements and investment programme. At 31 March 2026, £501.2m of the Company's €1.5bn commercial paper programme was outstanding (2025: £890.5m).

At 31 March 2026, the Company had access to a total of £1.5bn of committed facilities (2025: £1.5bn), comprising revolving credit facilities and other committed arrangements. As at 31 March 2026 there were no drawings on the revolving credit facilities (2025: undrawn).

The committed facilities are in place to ensure the Company has sufficient liquidity headroom when making significant capital investment. The £1.5bn revolving credit facility for the Company is in place to provide back-up to the commercial paper programme and support the Group's capital expenditure plans.

On 31 March 2026, the Company signed an additional commitment letter which allows the Company to enter a £1.5bn committed facility between 31 March 2026 and 30 June 2026.

The revolving credit facilities include sustainability-linked features which may or may not adjust the interest margin applicable. The rate of interest is calculated annually, subject to fulfilling certain ESG KPIs and applied prospectively. At 31 March 2026, these features had no impact on the carrying value of the borrowings.

During the year to 31 March 2026, the Company issued a total of £1.6bn of new borrowings, including £1.1bn of dual-tranche equity accounted hybrid bonds (see [note 22.5](#)) and £0.5bn of commercial paper rolled at maturity. A total of £1.9bn of debt instruments matured in the period, including £1.0bn of Eurobonds and £0.9bn of commercial paper.

On 7 April 2026, subsequent to the balance sheet date, the Company issued a €400m (£346m) two-year floating rate note.

8. Loans and borrowings continued

8.1 Borrowing facilities continued

Analysis of borrowings

	2026	2026	2026	2026	2025	2025	2025	2025
	Weighted average interest rate	Face value £m	Fair value £m	Carrying amount £m	Weighted average interest rate	Face value £m	Fair value £m	Carrying amount £m
Current								
Other short term loans – non-amortising ⁽ⁱⁱ⁾	2.4%	502.2	503.7	501.2	5.0%	901.7	906.6	890.5
1.25% Eurobond repayable 16 April 2025	–	–	–	–	1.3%	531.4	531.2	531.4
0.875% €600m Eurobond repayable 8 September 2025	–	–	–	–	0.9%	502.6	499.2	502.4
US Private Placement 8 June 2026	3.1%	64.0	64.4	64.0	–	–	–	–
US Private Placement 6 September 2026	3.2%	247.1	259.0	246.9	–	–	–	–
Within one year		813.3	827.1	812.1		1,935.7	1,937.0	1,924.3
Fair value adjustment ⁽ⁱⁱⁱ⁾				12.5				(28.8)
Total current borrowings		813.3	827.1	824.6		1,935.7	1,937.0	1,895.5
Non-current								
Bank loans – non amortising ⁽ⁱ⁾	4.7%	100.0	102.1	100.0	5.5%	100.0	102.5	100.0
US Private Placement 8 June 2026	–	–	–	–	3.1%	64.0	63.0	63.8
US Private Placement 6 September 2026	–	–	–	–	3.2%	247.1	258.9	246.2
US Private Placement 6 September 2027	3.2%	35.0	34.0	34.9	3.2%	35.0	33.3	34.8
1.375% €650m Eurobond repayable 4 September 2027 ^{(iv)(v)}	1.4%	591.4	576.0	591.1	1.4%	591.4	573.7	590.9
8.375% Eurobond repayable on 20 November 2028	8.4%	500.0	538.7	498.9	8.4%	500.0	554.3	498.5
2.875% Eurobond repayable on 1 August 2029 ^(iv)	2.9%	567.6	560.0	566.8	2.9%	544.5	539.3	543.3
1.750% Eurobond repayable 16 April 2030 ^(vi)	1.8%	442.9	413.9	442.9	–	–	–	–
Between two and five years		2,236.9	2,224.7	2,234.6		2,082.0	2,125.0	2,077.5
1.750% Eurobond repayable 16 April 2030 ^(vi)	–	–	–	–	1.8%	442.9	413.9	442.9
6.25% Eurobond repayable on 27 August 2038	6.3%	350.0	350.5	348.0	6.3%	350.0	350.7	347.9
4.00% €750m Eurobond repayable 5 September 2031 ^{(iv)(vii)}	4.0%	655.0	664.5	653.7	4.0%	628.2	646.5	626.8
3.50% €600m Eurobond repayable 18 March 2032 ^{(iv)(viii)}	3.5%	524.0	516.2	521.4	3.5%	503.5	501.3	500.5
Over five years		1,529.0	1,531.2	1,523.1		1,924.6	1,912.4	1,918.1
Fair value adjustment ⁽ⁱⁱⁱ⁾				(30.0)				(54.9)
Total non-current borrowings		3,765.9	3,755.9	3,727.7		4,006.6	4,037.4	3,940.7
Total borrowings		4,579.2	4,583.0	4,552.3		5,942.3	5,974.4	5,836.2

(i) Balances include term loans and EIB debt and is a mixture of fixed and floating rate debt.

(ii) Balances include Commercial Paper and facility advances (£501.2m of Commercial Paper outstanding at 31 March 2026).

(iii) 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.

(iv) Bonds have been issued under the Group's Sustainability Financing Framework (previously the Group's Green Bond Framework).

(v) The 1.375% €650m Eurobond maturing 4 September 2027 has been swapped to Sterling giving an effective interest rate of 2.56%.

(vi) The 1.750% €500m Eurobond maturing 16 April 2030 has been swapped to Sterling giving an effective interest rate of 2.89%.

(vii) The 4.00% €750m Eurobond maturing 5 September 2031 has been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.

(viii) The 3.50% €600m Eurobond maturing 18 March 2032 has predominantly been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.

9. Equity

Details regarding SSE plc's share capital, hybrid equity and capital redemption reserve can be found in [note 22](#) of the Group consolidated financial statements. The Company's hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge derivative instruments related to hedging transactions that have not yet occurred.

10. Retirement benefit obligations

Defined benefit scheme

The Company has a funded final salary pension scheme ("Scottish Hydro Electric Pension Scheme") which provides defined benefits based on final pensionable pay. The scheme is subject to an independent valuation at least every three years. The future benefit obligations are valued by actuarial methods on the basis of an appropriate assessment of the relevant parameters. Further details regarding SSE plc's defined benefit pension scheme can be found in [note 23](#) of the Group consolidated financial statements, including details of the latest actuarial valuation, contributions, valuation assumptions, sensitivity analysis, and discussion of the pension scheme assets, obligations, policies, risks and strategy.

10.1 Valuation of pension scheme

	Quoted £m	Unquoted £m	Value at 31 March 2026 £m	Quoted £m	Unquoted £m	Value at 31 March 2025 £m
Government bonds	448.5	–	448.5	396.0	–	396.0
Insurance contracts	–	432.4	432.4	–	454.4	454.4
Other investments	325.3	–	325.3	373.1	–	373.1
Total fair value of plan assets	773.8	432.4	1,206.2	769.1	454.4	1,223.5
Present value of defined benefit obligation			(841.9)			(869.8)
Surplus in the scheme			364.3			353.7
Deferred tax thereon ⁽ⁱ⁾			(91.1)			(88.4)
Net pension asset			273.2			265.3

(i) Deferred tax is recognised at 25% (2025: 25%) on the surplus.

10.2 Movements in the defined benefit assets and obligations during the year

	2026			2025		
	Assets £m	Obligations £m	Total £m	Assets £m	Obligations £m	Total £m
At 1 April	1,223.5	(869.8)	353.7	1,328.6	(989.3)	339.3
Included in income statement						
Current service cost	–	(6.5)	(6.5)	–	(6.7)	(6.7)
Past service cost	–	(0.6)	(0.6)	–	(3.8)	(3.8)
Interest income/(cost)	68.5	(48.2)	20.3	62.4	(46.1)	16.3
	68.5	(55.3)	13.2	62.4	(56.6)	5.8
Included in other comprehensive income						
Actuarial (loss)/gain arising from:						
Demographic assumptions	–	6.3	6.3	–	3.8	3.8
Financial assumptions	–	17.2	17.2	–	108.6	108.6
Experience assumptions	–	(5.4)	(5.4)	–	3.8	3.8
Return on plan assets excluding interest income	(20.2)	–	(20.2)	(108.5)	–	(108.5)
	(20.2)	18.1	(2.1)	(108.5)	116.2	7.7
Other						
Contributions paid by the employer	0.9	–	0.9	0.9	–	0.9
Benefits paid	(66.5)	65.1	(1.4)	(59.9)	59.9	–
	(65.6)	65.1	(0.5)	(59.0)	59.9	0.9
Balance at 31 March	1,206.2	(841.9)	364.3	1,223.5	(869.8)	353.7

The return on pension scheme assets is as follows:

	2026 £m	2025 £m
Return/(loss) on pension scheme assets	48.3	(46.1)

11. Financial instruments

For financial reporting purposes, the Company classifies derivative financial instruments as financing derivatives. These include interest rate and foreign exchange derivatives designated at fair value or cash flow hedging relationships, as well as derivatives not designated for hedge accounting. Derivatives not designated in a hedging relationship are accounted for as held for trading and measured at fair value through profit or loss.

The derivative financial assets and liabilities are represented as follows:

	2026 £m	2025 £m
Derivative financial assets		
Non-current	20.8	25.1
Current	13.2	22.1
Total derivative assets	34.0	47.2
Derivative financial liabilities		
Non-current	(36.6)	(53.0)
Current	(0.5)	(53.6)
Total derivative liabilities	(37.1)	(106.6)
Net liability	(3.1)	(59.4)

Information on the Group's Financial risk management and the fair value of financial instruments is available at [A6 and A7](#).

12. Financial guarantee liabilities

	2026 £m	2025 £m
Non-current liabilities		
Financial guarantee liabilities	73.1	90.8
Current liabilities		
Financial guarantee liabilities	9.1	9.3
Total financial guarantee liabilities	82.2	100.1

SSE plc has provided guarantees in respect of certain activities of subsidiaries, former subsidiaries and to certain current joint venture investments both held directly and indirectly by the Company's subsidiaries with carrying values as follows:

	2026			2025	
	SSE on behalf of subsidiary £m	SSE on behalf of joint operations and ventures £m	SSE on behalf of 3rd parties £m	Total £m	Total £m
Financial guarantee liabilities	61.5	11.5	9.2	82.2	100.1

On transition to IFRS 17 on 1 April 2023, the Company elected to apply IFRS 9 "Financial Instruments" to the in scope financial guarantee contracts and the contracts were valued on initial recognition and subsequently measured at the higher of the loss allowance for expected credit loss and the initial value less any income recognised.

The decrease in financial guarantee liabilities during the year is primarily driven by the unwind and expiry of guarantee contracts of £20.6m, relating to guarantees entered into on behalf of subsidiaries of £15.9m, joint ventures of £3.6m and former subsidiaries of £1.1m. During the year, the Company provided new guarantees with a value of £2.1m on behalf of its subsidiaries and £0.6m on behalf of its joint ventures.

The Company continues to provide a guarantee to Group Trustee Independent Trustees in respect of SSE Southern Group of the Electricity Supply Pension Scheme in respect of funding required by the scheme.

On behalf of Scottish Hydro Electric Transmission plc, SSE plc continues to provide a guarantee to ABB Limited in connection with the use of HVDC Replica Control Panels for Caithness-Moray Project.

Furthermore, on behalf of SSE E&P (UK) Limited, previously a wholly owned subsidiary of the Company, now owned by a third party, SSE plc has provided the following three guarantees: a guarantee to Hess Limited in respect of decommissioning liabilities, a guarantee to Britoil Limited and Arco British Limited in respect of the acquisition of the Sean Field and also a guarantee to Perenco UK Limited in respect of a Sale and Purchase Agreement for the Minerva, Apollo and Mercury Fields.

13. Commitments and contingencies

Guarantees, indemnities and other contingent liabilities

Internal guarantees

The Company has in issue perpetual and long term guarantees of £2.3bn (2025: £2.3bn) in order to maintain the stand-alone credit ratings of certain subsidiaries and to support electricity distribution licence conditions. These guarantees are not expected to be called.

Letters of credit

The Company indemnifies letters of credit issued to the following:

	2026 £m	2025 £m
UK subsidiaries and certain joint ventures	965.8	949.3
European subsidiaries and certain joint ventures	167.7	162.4
Former UK subsidiaries	170.8	182.0
	1,304.3	1,293.7

Letters of credit in substitution of cash collateral

The Company provides standby letters of credit in substitution for cash covering initial and delivery margins for exchange traded products and is repayable on demand. As at 31 March 2026, there were letters of credit covering £nil (2025: £100.0m) of initial and variation margins.

Subsidiaries have provided guarantees on behalf of the Company as follows:

	2026 £m	2025 £m
Bank borrowings	447.8	447.8

14. Provisions

	2026 £m	2025 £m
At 1 April	201.6	219.7
Decrease in decommissioning provision	(12.6)	(17.9)
Unwind of discount	10.7	8.9
Utilised during the year	(8.6)	(9.1)
At 31 March	191.1	201.6
Non-current	158.7	177.7
Current	32.4	23.9
	191.1	201.6

Decommissioning provision

The Company recognises a provision for the estimated net present value of decommissioning of Gas Production assets (retained as part of the disposal agreement for this business). Estimates are based on the forecast remediation or clean-up costs at the projected date of decommissioning and are discounted for the time value of money. Within the agreement for the disposal of its Gas Production assets to Viaro Energy through its subsidiary RockRose Energy Limited on 14 October 2021, the Company agreed to retain 60% of the decommissioning provision within the business. £12.6m has been removed (2025: £17.9m removed) from decommissioning during the current year due to reassessment, movements in inflation and discounting assumptions. It is expected that the costs associated with decommissioning of these Gas Production assets will be incurred through to 2044.

Independent Auditor's Report to the Members of SSE plc

Opinion

In our opinion:

- SSE plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2026 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SSE plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 March 2026 which comprise:

Group	Parent company
Consolidated income statement for the year then ended	
Consolidated statement of comprehensive income for the year then ended	
Consolidated balance sheet as at 31 March 2026	Balance sheet as at 31 March 2026
Consolidated statement of changes in equity for the year then ended	Statement of changes in equity for the year then ended
Consolidated cash flow statement for the year then ended	
Related notes 1 to 25 and A1 to A8 to the financial statements, including material accounting policy information	Related notes 1 to 14 to the financial statements including material accounting policy information

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent 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.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

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 group and parent company's ability to continue to adopt the Going Concern basis of accounting included:

- Confirming our understanding of management's Going Concern assessment process as well as the review of controls in place over the preparation of the group's Going Concern model and the memorandum on Going Concern;
- Engaging early with management to ensure all key matters were considered in their assessment;
- Obtaining management's board approved forecast cash flows, covenant forecasts and sensitivities to 31 December 2027, ensuring the same forecasts are used elsewhere within the group for accounting estimates and that the forecasts reflect all committed spend;
- Testing the models for arithmetical accuracy, as well as checking the net debt position at the year end date which is the starting point for the model;
- Assessing the reasonableness of the cashflow forecasts by analysing management's historical forecasting accuracy. We also ensured climate change considerations were factored into future cash flows;
- Performing reverse stress testing to understand how severe the downside scenarios would need be to result in negative liquidity or a covenant breach and the plausibility of the scenarios. Both management's and EY's assessment included consideration of all maturing debt through to 31 March 2028 to consider any significant repayments falling due after the end of the going concern assessment period;
- Reviewing management's assessment of downside scenarios, and potential uncommitted capex reductions available to the group 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 are within the control of management;
- Reading the borrowing facilities agreements to assess their continued availability to the group and to ensure completeness of covenants identified by management;
- Reviewing market data for indicators of potential contradictory evidence to challenge the company's Going Concern assessment including review of profit warnings within the sector and review of industry analyst reports. We held discussions with the Audit Committee to confirm the Going Concern position prepared by management; and
- Considering whether management's disclosures in the financial statements sufficiently and appropriately reflect the Going Concern assessment and outcomes.

The audit procedures performed in evaluating the directors' assessment were performed by the group audit team. We also considered the financial and non-financial information communicated to us from our component teams for sources of potential contrary indicators which may cast doubt over the Going Concern assessment.

Our key observations

The group is forecast to continue to be profitable and generate positive cashflows during the Going Concern period. Our reverse stress test scenario assumed full repayment of debt maturing over the Going Concern period, and also extended three months beyond management's Going Concern period to 31 March 2028, no new refinancing over the Going Concern period, no uncommitted disposal proceeds, and a £230m cash flow contingency to mitigate any downside performance against budget; offset by mitigating actions within management's control. We consider such a scenario to be highly unlikely.

Having considered our severe downside and reverse stress test scenarios, we have not identified a plausible scenario where the group would be unable to maintain cash flow liquidity and covenant headroom during the Going Concern period.

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 group and parent company's ability to continue as a Going Concern for a period to 31 December 2027.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the Going Concern basis of accounting.

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 group's ability to continue as a Going Concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of 17 components and audit procedures on specific balances for a further 26 components and central procedures on pensions, derivatives, payroll, loans and taxation
Key audit matters (KAM)	– Impairment of specific non-current assets (being Southern Europe development assets and goodwill, Pacifico development assets and goodwill, and Equity investment in Triton Power Holdings Limited ("Triton")) – Group and parent pension obligation – Accounting for estimated revenue recognition
Materiality	– Overall group materiality of £109.5m which represents 5% of adjusted profit before tax

An overview of the scope of the parent company and group audits

Tailoring the scope

We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the group financial statements, we considered our understanding of the group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that following components are subject to centralised procedures

Key audit area on which procedures were performed centrally	Component subject to central procedures
Pensions	2
Derivatives	16
Payroll	19
Loans	11
Taxation	All

We then identified 31 components as individually relevant to the group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components (or a pervasive risks of material misstatement of the group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components).

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected a further 12 components of the group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Independent Auditor's Report to the Members of SSE plc continued

Of the 43 components selected, we designed and performed audit procedures on the entire financial information of 17 components ("full scope components"). For 12 components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining 14 components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the group audit engagement team, or by component auditors operating under our instruction.

The group audit team interacted regularly with the component teams where appropriate during various stages of the audit. For the full and specific scope components there were regular calls held between the lead audit engagement partner and component partners, with file reviews performed by the group audit team over audit documentation that has not been retained within the group audit file, or retention of key audit documentation within the group audit file. In total out of the 44 components, this split into a total of 9 component teams.

This was the fourth year where a non-EY auditor was involved in a specific scope component, being the group's equity investment in Triton. We issued instructions, held regular calls with them and attended an on-site file review and closing meeting. Other than the Irish Airtricity and Triton entities in scope, all other entities in scope were based within Scotland (Perth and Glasgow), where lead audit partner William Binns visited UK component teams throughout the year end audit. Management meetings were held in person and remotely throughout the year across both the UK and Ireland. Members of the group audit team also visited the non-EY component auditors of Triton.

The component teams and non-EY component team visits involved discussion of audit approach, attending planning and closing meetings (some of which were held virtually), meeting with local management and reviewing relevant audit working papers on risk areas. The group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

The financial statement and audit risks related to climate change and the energy transition remain an area of audit focus in 2026. Stakeholders are increasingly interested in how climate change will impact SSE plc. SSE operates principally within the UK and Ireland, and both are seeking to achieve net zero across their economies by 2050.

SSE has determined that the most significant future impacts from climate change on its operations will be from accelerated wind investment and accelerated Transmission growth, and the greatest risk is in relation to wind generation price, which is due to a reduction in average electricity price as wind generation capacity increases. These are explained on [pages 69 to 72](#) in the required Climate-related financial disclosures. These disclosures 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". As described in [note 4](#), the financial statement impact of climate is considered to have the most impact on the valuation of property, plant and equipment, impairment assessment of goodwill, valuation of decommissioning provisions, defined benefit schemes and Going Concern and viability statement.

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements. The group has explained in [note 4](#) how they have reflected the impact of climate change in their financial statements including where assumptions applied align with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050.

Significant judgements and estimates relating to climate change are included in [note 4](#).

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 requirements of IAS 36. Budgets and forecasts for SSE plc reflect the spend to come on the announced £33bn investment programme. In [notes 15 and 20](#) to the financial statements, supplementary sensitivity disclosures reflecting the impact of climate with regards to valuation of property, plant and equipment, impairment assessment of goodwill and valuation of decommissioning provisions and the impact of reasonably possible changes in key assumptions have been provided and significant judgements and estimates relating to climate change have been described within the aforementioned notes. We have ensured the completeness of climate consideration as part of our impairment and Going Concern audit procedures, including those referred to within our impairment KAM below.

In order to respond to the impact of climate change, we ensured we had the appropriate skills and experience on the audit team, utilising climate change internal specialists. Our audit team included professionals with significant experience in climate change and energy valuations. Our audit procedures were carried out by the group and component teams, with the component teams working under the direction of the group team.

Our audit effort in considering climate change focused on ensuring that the effects of material climate related risks disclosed on [pages 69 to 72](#) have been appropriately reflected within the Going Concern cashflows, asset values and useful life and associated disclosures where values are determined through modelling future cash flows, being impairment considerations over Intangible assets and Property, Plant & Equipment and in the timing and nature of liabilities recognised, being decommissioning provisions. In addition, we performed detailed testing of the sensitivities noted in the accounts. Details of our procedures and findings on impairment are included in our KAMs below.

In FY26 as in the previous year SSE conducted scenario analysis of its material climate related opportunities and risks. With the support of our climate change internal specialists, we considered management's scenario planning and modelling of the three risks and five opportunities disclosed on [pages 65 to 72](#). We challenged the impact pathways developed and basis of the key assumptions included within these scenarios. We checked the transition risk scenario frameworks used within the modelling to challenge the appropriateness, applicability to SSE's current and future business model to check the accuracy of the financial impact ranges disclosed on [pages 69 to 72](#).

We challenged the directors' considerations of climate change in their assessment of Going Concern and viability and associated disclosures. We also read the "Other information" in the annual report, and in doing so, considered whether the "Other information", which includes SSE's climate targets, is materially consistent with the financial statements. We also considered consistency with other areas of assumptions, judgements and estimates and where applicable the procedures performed have been included within our KAMs below.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: Impairment of specific non-current assets (being Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Equity investment in Triton). Details of the impact, our procedures and findings are included in our explanation of KAMs below.

Key audit matters (KAMs)

Key audit matters (KAMs) are those matters that, in our professional judgement, 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 the Audit Committee
<p>Impairment of specific non-current assets (Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Equity investment in Triton (Impairment reversal 2026 £29.4m; Impairment charge 2025: £249.5m))</p>	<p>Scoping: Testing was performed over this risk area, covering both full and specific scope components (covering three components), which represented 100% of the risk amount.</p> <p>All audit work in relation to this key audit matter was undertaken by the component audit teams, with oversight from the group audit team.</p>	<p>Renewables developments – Southern Europe and Pacifico</p> <p>We confirmed that it is appropriate to recognise no impairment charge for SSE Southern Europe and SSE Pacifico.</p>
<p><i>Refer to the Audit Committee Report page 104; Accounting policies – significant judgements page 159; and Note 15 of the Consolidated Financial Statements page 182</i></p>	<p>We obtained management's assessment of potential indicators in accordance with IAS 36 for each of these risk areas.</p>	<p>We have concluded that the methodology applied is reasonable, the forecast period is appropriate, and the impairment models are mathematically accurate.</p>
<p>Renewables developments– Southern Europe and Pacifico</p> <p>There is a risk that due to the early stage of the SSE Southern Europe and SSE Pacifico developments, there could be an impairment charge over the goodwill and development assets.</p>	<p>Audit procedures included:</p> <p>We have understood management's process and methodology for assessing assets for indicators of impairment, including indicators of reversal and, where applicable, we have understood management's modelling of cash flows including the source of the key input assumptions.</p> <p>We checked the historical accuracy of management's forecasting and verified that the assumptions are consistent with those used in other areas such as PPE useful life and decommissioning provision. We also considered contradictory indicators and any external facts and circumstances to assist us in challenging management's assessment.</p>	<p>We considered the appropriateness of the related disclosures provided in note 15, considering whether any reasonably possible change disclosures were required based upon the headroom within the sensitivity analysis. We are satisfied that management's disclosures are aligned with the requirements of IAS36.</p>
<p>This is due to the early stages of development, the passage of time between acquisition date, development progress and full operationalisation, and the high sensitivity of models to changes in key assumptions.</p>	<p>Renewables developments – Southern Europe and Pacifico</p> <p>Due to the early stage of development of both the SSE Southern Europe and SSE Pacifico platforms, a fair value less costs to sell ("FVLCS") assessment was performed for each, based on discounted post-tax cash flows.</p>	<p>Equity investment in Triton</p> <p>We confirmed that we concurred with the impairment reversal recognised for the equity investment in Triton.</p>
<p>For SSE Southern Europe, the key assumptions are power price, discount rate and the development probability of success, including greenfield and its related volumes.</p>	<p>We engaged EY specialists in our assessment: a discount rate specialist and a specialist with experience of assessing forward prices in the overseas market. We consulted with colleagues in Japan and in Southern Europe, with deep experience of the renewables sector. Using our sector experience and our specialists, we assessed any unusual or unexpected trends identified within the cashflows year on year and assessed the impact on the overall forecasted position.</p>	<p>We communicated that the pricing assumptions applied were appropriate. We communicated that the discount rates used were materially in line with our comparative range determined by our specialist.</p>
<p>For SSE Pacifico, the key assumptions include revenue support contract price, generation volumes, capital expenditure, operating expenditure, discount rate and projected probability of success.</p>	<p>We assessed the appropriateness of the model parameters and clerical accuracy of the models used.</p>	<p>We also noted that we are satisfied with the adequacy of disclosure within the group financial statements including climate related disclosures.</p>
<p>Equity investment in Triton</p> <p>We determined that the investment in Triton is at risk of impairment or impairment reversal. This is due to a number of global and national factors reducing or increasing fair value less costs of disposal, triggering an impairment assessment.</p>	<p>We applied sensitivities to management's models to evaluate headroom. For SSE Southern Europe, this included sensitivities relating to discount rate, merchant price exposure, and the probability of success of each project. In performing our procedures, we independently calculated an estimated range for the recoverable amount of the CGU. For SSE Pacifico, this included sensitivities relating to discount rate, fixed prices, generation volumes and the debt-to-equity funding ratio.</p>	
<p>The key assumptions include future power prices, price volatility, uncontracted capacity income, forecast power demand, carbon prices, load factors and discount rate.</p>		
<p>The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows as a result of the above factors.</p>		

Equity investment in Triton

We considered prior period impairments for indication of reversal. This involved considering indicators of reversal, focussed on demand, load factors, prices and other internal factors.

We engaged EY specialists in our assessment: a discount rate specialist and a specialist with industry experience of assessing forward energy prices and gross margin. Using our sector experience and our specialists, we assessed any unusual or unexpected trends identified within the cashflows year on year and assessed the impact on the overall forecasted position.

We assessed the appropriateness of the model parameters and clerical accuracy of the models used.

We applied sensitivities to management's models to evaluate the reversal, including sensitivities relating to discount rate, price and capacity market revenue.

Key assumptions (all relevant assets):

Using our sector experience and our specialists, we benchmarked to industry sources, where appropriate, the directors' judgement on the key assumptions.

For SSE Southern Europe this included power price, discount rate, and the development probability of success, including, greenfield and its related volumes.

For SSE Pacifico, this included revenue support contract price, generation volumes, capital expenditure, operating expenditure, discount rate and projected probability of success.

For the equity investment in Triton, this included future power prices, forecast power demand, carbon prices, load factors, discount rate, useful economic life and operating expenditure.

We verified that the assumptions are consistent with those used in other areas.

Disclosures

We assessed the accuracy and adequacy of the disclosures in line with IAS 36, ensuring key assumptions are included and that the disclosures adequately reflect the risks inherent in the valuation of non-current assets and the impact of changes in assumptions on the impairment booked.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Group and parent pension obligation (2026: £459.8m surplus, 2025: £501.8m surplus)</p> <p><i>Refer to the Audit Committee Report page 105; Accounting policies – significant judgements page 159; and Note 23 of the group financial statements page 203</i></p> <p>Subjective valuation:</p> <p>Small changes in the assumptions and estimates used to value the group and parent company pension obligations (before deducting scheme assets) would have a significant effect on the carrying value of those pension obligations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the group and parent company pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>The principal assumptions considered include rate of increase in pensionable salaries and pension payments, discount rate and mortality rates.</p> <p>There has been no change in this risk from the prior year.</p>	<p>Scoping:</p> <p>We performed audit procedures over this risk area centrally by the group team, which covered 100% of the risk amount. Our procedures included:</p> <p>Assessing management process:</p> <p>We have understood management's process and methodology for calculating the pension liability for each scheme, including discussions with management's external actuaries, walkthrough of the processes, understanding the key inputs and the design and implementation of key controls. We performed a fully substantive audit approach rather than testing the operating effectiveness of key controls.</p> <p>Assessing management experts:</p> <p>We have assessed the independence, objectivity and competence of the group's external actuaries, which included understanding the scope of services being provided and considering the appropriateness of the qualifications of the external actuary.</p> <p>Assessing source data:</p> <p>We tested a sample of the membership data used by the actuaries to the group's records.</p> <p>Benchmarking assumptions:</p> <p>With the support of our pension actuarial specialists, we assessed the appropriateness of the assumptions adopted by the directors by comparing them to the expectations of our pension actuarial specialists which they derived from broader market data.</p> <p>Disclosure:</p> <p>We considered the adequacy of IAS 19 disclosures, including presentation of commitments associated with deficit recovery plans and in respect of sensitivity of the defined benefit obligation to changes in the key assumptions.</p>	<p>We conclude that management's actuarial assumptions are appropriate and sit within our independently determined range. We are satisfied with the adequacy of disclosure within the financial statements.</p>

Risk

Our response to the risk

Key observations communicated to the Audit Committee

Accounting for estimated revenue recognition**Unbilled revenue (2026: £547.2m, 2025: £521.1m)**

Refer to the Audit Committee Report [page 105](#); Accounting policies – significant judgements [page 159](#); and Note 18 of the group financial statements [page 193](#).

Subjective estimate:

45% of the unbilled revenue year end balance recognised within the Energy Customer Solutions segment relates to Business Energy component only, and is based on estimates of values and volumes of electricity and gas supplied to the year end date, less invoices raised.

The method of estimating such revenues is complex and judgemental for UK business customers.

The key estimates and assumptions are in relation to:

1. the volumes of electricity and gas supplied to the customers between the meter reading and year end;
2. the value attributed to those volumes in the range of tariffs; and
3. embedded impairment risk over the unbilled revenue.

As a result of the estimation uncertainty this has been identified as a significant risk.

Scoping:

The balance subject to the significant risk relates to one component, Business Energy. Testing was performed covering 100% of the unbilled balance in Business Energy. Unbilled revenue in Airtricity in the Republic of Ireland and Northern Ireland was not included in the scope of this KAM due to reduced judgement and estimation complexity.

All audit work in relation to this key audit matter was undertaken by the component audit team with oversight from the group audit team.

Audit methodology:

Our response to the assessed risk included understanding the process for estimating unbilled revenue, testing selected IT general and key application controls, and undertaking substantive audit procedures and revenue data analytics.

Tests of detail:

We agreed the opening unbilled revenue to the closing 31 March 2025 balance sheet.

We agreed the volume data for customer usage of energy in the year used in the calculation to external settlement systems and agreed the volume data in relation to customer billings for the year to SSE's internal billing systems to assess consistency and to understand remaining estimation risk. We have understood and tested the historical accuracy of management's forecasting of final settlement volumes.

We have tested the unbilled unit pricing by agreeing historical pricing to sample bills, tested a sample of billing dates from the listing to confirm billing frequency and agreeing to post year end billing prices.

We have also obtained and tested post year end billings to substantiate the basis of the unbilled revenue estimate at 31 March 2026.

Within the unbilled revenue balance, we estimated the impact of operational billing delays.

Analytical review:

Using a bespoke analytics tool, we set benchmark expectations as to the likely level of total unbilled revenue, and compared this with the actual unbilled revenue accrual, obtaining explanation for significant variances. Benchmark expectation was derived from the external settlements data combined with billing frequency, usage and price movement from last billing date to year end. We also tested the appropriateness of manual adjustments made by management.

Disclosure:

We assessed the adequacy of the group's disclosures about the degree of estimation and judgement involved in arriving at the estimated revenue.

Overall, through procedures performed within Business Energy, we are satisfied that the unbilled revenue is appropriately recognised by management.

We are satisfied with the adequacy of disclosure within the financial statements.

Independent Auditor's Report to the Members of SSE plc continued

We have refined the Impairment KAM, removing Great Island power station, reflecting the increased headroom and lower risk at this power station.

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 group to be £109.5 million (2025: £111.8 million), which is 5% (2025: 5%) of adjusted profit before tax. Our key criterion in determining materiality remains our perception of the needs of SSE's stakeholders. We consider which earnings, activity or capital-based measure aligns best with their expectations.

We determined materiality for the Parent Company to be £215.9 million (2025: £143.6 million), which is 2% (2025: 2%) of net assets. The materiality has been capped at the group materiality of £109.5 million.

Starting basis	– Profit before tax – £1,837.3m
Adjustments	– Movement on operating and financing derivatives – £139.8m – Non-recurring exceptional items – £162.6m – JV Tax – £51.2m
Materiality	– Totals £2,190.9m adjusted profit before tax – Materiality of £109.5m (5% of materiality basis)

During the course of our audit, we reassessed initial materiality and amended it for final adjusted profit before tax figures.

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 group's overall control environment, our judgement was that performance materiality was 75% (2025: 75%) of our planning materiality, namely £82.1m (2025: £83.8m). We have set performance materiality at this percentage due to a low number and value of corrected and uncorrected misstatements in the prior year audit, with misstatements in the current year relating to one-off matters or having an immaterial impact on the consolidated income statement.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £11.8m to £37.6m (2025: £13.0m to £36.0m).

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £5.5m (2025: £5.6m), 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 set out on [pages 1 to 142](#), including the strategic report and the directors' report (Governance section) set out on [pages 1 to 76 and 77 to 142](#) respectively other than the financial statements and our auditor's report thereon. The directors are responsible for the "Other information" contained within the annual report.

Our opinion on the financial statements does not cover the "Other information" and, except to the extent otherwise explicitly stated in 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, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Corporate Governance Statement

We have reviewed the directors' statement in relation to Going Concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the Going Concern basis of accounting and any material uncertainties identified set out on [page 76](#);
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on [page 76](#);
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on [page 76](#);
- Directors' statement on fair, balanced and understandable set out on [page 103](#);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on [pages 56 to 63](#);
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on [pages 107 to 109](#); and
- The section describing the work of the Audit Committee set out on [pages 102 to 109](#).

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on [page 142](#), 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 group and parent 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 group or the parent 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 group and determined that the most significant are IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code and relevant tax compliance regulations in the jurisdictions in which the group operates. We also considered non-compliance of regulatory requirements, including the Office of Gas and Electricity Markets (Ofgem) and regulations levied by the UK Financial Conduct Authority and Prudential Regulatory Authority. We confirmed our understanding with the Internal Head of Regulation.
- We understood how SSE plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures. We verified our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it 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 group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- 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 consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, group management, internal audit, business area management at all full and specific scope components; and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 Audit Committee we were appointed by the company on 18 July 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ended 31 March 2020 to 31 March 2026.
- The audit opinion is consistent with the additional report to the Audit Committee.

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.

William Binns (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

27 May 2026