DELIVERY, DRIVE AND DISCIPLINE

Interim Results for the six months to 30 September 2023

Disclaimer

This financial report contains forward-looking statements about financial and operational matters. These statements are based on the current views, expectations, assumptions, and information of management, and are based on information available to the management as at the date of this financial report. Because they relate to future events and are subject to future circumstances, these forward-looking statements are subject to unknown risks, uncertainties and other factors which may not have been in contemplation as at the date of the financial report. As a result, actual financial results, operational performance, and other future developments could differ materially from those envisaged by the forward-looking statements. Neither SSE plc nor its affiliates assumes any obligations to update any forward-looking statements.

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Definitions

The financial information set out in this Interim Results Statement has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and UK adopted International Accounting Standard 34 Interim Financial Reporting. The interim financial information is unaudited but has been formally reviewed by the Group's statutory auditor and its report to the Company is set out after the Interim Financial Statements.

In order to present the financial results and performance of the Group in a consistent and meaningful way, SSE applies a number of adjusted accounting measures throughout this financial report. These adjusted measures are used for internal performance management and are believed to present the underlying performance of the Group in the most useful manner for ordinary shareholders and other stakeholders.

The definitions SSE uses for adjusted measures are explained in the Alternative Performance Measures ("APMs") section before the Interim Financial Statements. SSE continues to prioritise the monitoring of developing practice in the use of APMs, ensuring the financial information in its results statements is clear, consistent, and relevant to the users of those statements.

For the purpose of calculating the 'Net Debt to EBITDA' metric, 'Net Debt' represents the group's 'Adjusted Net Debt and Hybrid Capital" APM and 'EBITDA' represents the full year group "Adjusted EBITDA" APM and including a further adjustment to remove the proportion of "Adjusted EBITDA" from equity-accounted Joint Ventures which relates to project financed debt.

Important note: Discontinued Operations – Gas Production

On 14 October 2021, the Group completed the sale of its Gas Production business which had been presented as a discontinued operation prior to disposal as the transaction constituted the exit of all activity in that industry. The Group's adjusted measures therefore exclude the contribution from this business in all periods presented. The Group continues to retain a 60% share of the decommissioning obligation of the Gas Production business following disposal. Any adjustments to the decommissioning obligation are accounted for through the Group's consolidated income statement and 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.

Important note: Non-controlling equity stake sale

On 30 November 2022, the Group completed the sale of a 25% non-controlling equity stake in Scottish Hydro Electric Transmission plc ('SHET') (see note 11 of the Interim Financial Statements).

As this transaction did not result in a loss of control, the business continues to be classified as a continuing operation and its result continues to be included within the Group's adjusted profit-based measures, after removing the relevant share of profit attributable to holders of non-controlling equity stakes from the point when the ownership structure changed in accordance with the APM definitions.

CONTENTS

SSE PLC: INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

15 NOVEMBER 2023

CREATING VALUE BY DELIVERING ON CRITICAL INFRASTRUCTURE

- **Major progress on flagship projects** including first power at Dogger Bank and full power at Seagreen offshore wind farms, and planning and supply chain secured for Eastern Green Link 2 subsea transmission cable.
- **Reporting adjusted earnings per share of 37.0p**, ahead of pre-close guidance and reflecting the normal seasonal nature of operations that deliver the majority of annual earnings in the second half of SSE's financial year.
- **Maintaining balance sheet strength** with 91% of adjusted debt paying a fixed rate and less than £1.5bn long-term debt refinancing required over the next 24 months.
- **Focus on safety remains the number one priority** for the group, with initiatives put in place as increased construction activity contributes to a Total Recordable Injury Rate of 0.24, an increase from 0.15.
- **Reaffirming guidance for full year 2023/24 of more than 150p adjusted earnings per share**.

INCREASING VISIBILITY OVER MEDIUM-TERM OUTLOOK

- Delivery, capital discipline and optionality provide greater certainty over Net Zero Acceleration Programme Plus (NZAP Plus) targets for the five years to 2026/27:
- **Capital investment expectations upgraded to £20.5bn** for the five-year programme reflecting increasing visibility over regulated networks spend and associated supply chain costs, with around 90% of the upweighted investment plan expected to be invested in electricity networks and renewables.
- Continue to target c.5GW net renewables capacity additions over the period and, given the additional clarity over networks investment, now expecting to **grow net electricity networks RAV to more than £15bn by 2027** from the previous net target of £12 – 14bn.
- Increased investment provides greater certainty that we will be comfortably within an **adjusted EPS CAGR of 13 – 16%** over the five-year period, excluding developer profits, with the existing operational assets and committed capex together expected to contribute **around 95% of 2026/27 adjusted EPS target**.
- **Investment plan remains fully funded,** supported by strong balance sheet with a continued expectation to stay within or below a 3.5 – 4.0x net debt / EBITDA range across the plan.
- **Reiterating commitment to target annual dividend increases of between 5 – 10% to 2026/27**, based on an expected 60 pence full year dividend for 2023/24, with retention of the scrip option and dilution from uptake capped at 25%.

Alistair Phillips-Davies, Chief Executive, said:

"Our performance in the first half of 2023/24 demonstrates SSE's well-balanced business mix and our ability to adapt and create value while maintaining capital discipline in a fast-evolving energy landscape. As visibility of growth options improves, we have upweighted our capex plans to meet the ambitions of the NZAP Plus plan.

"With an enduring broad political consensus behind the need to build the electricity infrastructure required for net zero, a supportive power price outlook, balance sheet strength underpinned by world-class assets and unrivalled optionality across the clean energy value chain, we have increased confidence in our earnings forecasts not only for this year, but out to 2026/27."

FINANCIAL SUMMARY (continuing operations[1])

	Adjusted			Reported		
	Sep 2023	Sep 2022	% mvmt	Sep 2023	Sep 2022	% mvmt
Operating profit / (loss) (£m)	693.2	716.0	(3%)	602.3	(635.1)	195%
Profit / (loss) before tax (£m)	565.2	559.4	1%	573.3	(511.0)	212%
Earnings / (loss) per share (p)	37.0	41.8	(11%)	28.3	(39.7)	171%
Investment, capital & acquisitions (£m)	1,054.3	1,743.2	(40%)	1,320.4	1,432.6	(8%)
Net Debt and Hybrid Capital (£bn)[2]	(8.9)	(10.0)	(11%)	(8.1)	(9.1)	(11%)

[1] Excluded discontinued operation relates to the disposal of the Gas Production business which contributed £35.0m to Reported profit for the period ended 30 September 2022 (30 September 2023: £nil). [2] Reported numbers exclude equity accounted hybrid capital.

STRATEGIC HIGHLIGHTS

- Historic moment for GB energy system as first power achieved by SSE Renewables at **Dogger Bank**, which will be the world's largest offshore farm at 3.6GW.
- Critical milestones also reached at 1.1GW **Seagreen** offshore wind farm where full power achieved and 440MW **Viking** onshore wind farm where the final turbines have been installed.
- Successful in **AR5**, the UK's fifth Contract for Difference auction, with 605MW of onshore wind contracted as well as Ireland's third **RESS** process where the 101MW Yellow River onshore wind farm secured a contract.
- Installation of SSEN Transmission's **Shetland HVDC** on track for energisation in Summer 2024 whilst approval of need agreed with Ofgem on reinforcements at Orkney, Skye and Argyll.
- Secured supply chain and planning consent for **Eastern Green Link 2**, a 2GW subsea HVDC which will help unlock renewable resource in Scotland and be delivered in partnership with National Grid.
- First **RIIO-ED2 Uncertainty Mechanism funding** secured by SSEN Distribution as it makes a strong start to delivering increasing investment under its new price control.

FINANCIAL HIGHLIGHTS

- **Adjusted earnings per share of 37.0p**, ahead of pre-close guidance reflecting stronger operational performance combined with a lower anticipated effective rate of tax for the full year.
- **Reported earnings per share of 28.3p**, as a non-cash accounting impairment on Triton Power and a movement on financial guarantee liabilities were only partially offset by a favourable fair value movement on derivatives.
- **Greater investment led to increasing profitability in SSEN Transmission,** offset by the 25% non-controlling interest divested in November 2022, whilst the **timing of cost inflation recovery in SSEN Distribution principally led to lower profitability**.
- **Profitability in Renewables reflects higher hedged prices combined with lower hedge buybacks required,** albeit with unfavourable weather conditions leading to a shortfall against planned output.
- **Strong financial performance in SSE Thermal** with additional year-on-year capacity from Triton Power and Keadby 2 offering increased flexibility to the market and supporting security of supply.
- **Gas Storage recorded seasonal half-year loss due to inventory churn**, expected to revert back to profitability of more than £75m for the full financial year as gas is sold over the winter.
- **€750m eight-year Green Bond successfully issued in September 2023** at a fixed coupon of 4.0% and nearly three-times oversubscribed. **SSE is now the UK's largest issuer of Green Bonds.**
- **Adjusted investment, capital and acquisition expenditure of £1.1bn.**
- **Adjusted net debt and hybrid capital at £8.9bn,** broadly unchanged after the first six months of the financial year and in line with pre-close guidance.

INTERIM DIVIDEND IN LINE WITH GROWTH-ENABLING PLAN

- Announced an **interim dividend of 20p** for payment on 8 March 2024.
- Interim dividend represents a third of the expected **full year dividend of 60p** per share.

KEY PERFORMANCE INDICATORS

Key Financial Indicators (continuing operations)	Adjusted Sep 2023	Adjusted Sep 2022	Reported Sep 2023	Reported Sep 2022
Operating profit / (loss) by business £m				
- SSEN Transmission	**215.6**	**208.4**	**287.3**	**208.4**
- SSEN Distribution	**120.1**	**174.6**	**120.1**	**174.6**
- SSE Renewables	**86.8**	**15.0**	**(23.7)**	**(36.8)**
- SSE Thermal & Gas Storage	**226.2**	**248.2**	**143.3**	**887.5**
- Other businesses inc. corporate unallocated	44.5	69.8	75.3	(1,868.8)
Operating profit / (loss) £m	**693.2**	**716.0**	**602.3**	**(635.1)**
EBITDA £m	**1,109.6**	**1,109.3**	**1,050.2**	**(224.7)**
Profit / (loss) before tax £m	**565.2**	**559.4**	**573.3**	**(511.0)**
Earnings / (loss) per share (EPS) pence	**37.0**	**41.8**	**28.3**	**(39.7)**
Interim dividend per share (DPS) pence	**20.0**	**29.0**		
Investment and capital expenditure £m				
- SSEN Transmission	**242.6**	**270.9**	**324.8**	**270.9**
- SSEN Distribution	**245.5**	**175.8**	**336.9**	**222.0**
- SSE Renewables	**447.1**	**477.8**	**381.2**	**686.9**
- SSE Thermal & Gas Storage	**38.4**	**95.7**	**20.8**	**37.8**
- Other businesses	80.7	83.0	256.7	215.0
Acquisition consideration £m	-	640.0	-	-
Investment, capital and acquisitions £m	**1,054.3**	**1,743.2**	**1,320.4**	**1,432.6**
Net debt and hybrid capital £m	**8,943.8**	**9,988.6**	**8,050.6**	**9,076.4**

Notes: HY2022/23 segmental numbers above restated to reflect movement of Solar and Battery business to SSE Renewables and Building Energy Management Systems to Business Energy, both previously reported under SSE Enterprise. Excluded discontinued operation relates to the disposal of the Gas Production business which contributed £35.0m to Reported profit for the period ended 30 September 2022 (30 September 2023: £nil).

Operational Key Performance Indicators	Sep 2023	Sep 2022
Thermal generation – GWh[1]	7,020	9,158
Renewable generation – GWh (inc. pumped storage and constrained off in GB)	3,723	3,725
Distributed Energy – GWh	49	38
Total generation output – all plant – GWh	**10,792**	**12,921**
SSEN Transmission RAV - £m[2]	5,289	4,590
SSEN Distribution RAV - £m	5,138	4,525
SSE Total Electricity Networks RAV - £m[2]	**10,427**	**9,115**
Business Energy Electricity Sold – GWh	5,203	5,806
Business Energy Gas Sold – mtherms	60.8	65
Airtricity Electricity Sold – GWh	3,110	2,693
Airtricity Gas Sold – mtherms	67	69

[1]HY2022/23 excludes 651GWh of pre-commissioning output from Keadby 2 which entered commercial operation on 15 March 2023
[2]Gross of 25% non-controlling interest in SSEN Transmission

ESG Key Performance Indicators	Sep 2023	March 2023	Sep 2022
Carbon emissions (scopes 1&2) $MtCO_2e$	2.14 (6 months)	6.52 (12 months)	3.26 (6 months)
Scope 1 GHG intensity gCO_2e/kWh	232	254	271
Total water consumed (million cubic meters)	-	1.4	-
Total recordable injury rate per 100,000 hours worked	0.24	0.19	0.15
Total economic contribution – UK/Ireland (£bn/€m)[1]	-	6.0/429	-
Jobs supported – UK/Ireland (headcount)[2]	-	39,940/2,430	-
Total taxes paid UK/Ireland (£m/€m)	-	501.7/53.8	-
Employee retention/turnover rate (%)[3]	-	89.5/10.5	-
Employee engagement index (%)[4]	85	84	84
Average board tenure – years[5]	3.3	4.4	3.9
Female board members (%)[6]	42	46	46
Independent board members (%)[6]	73	75	75
Total number of board members	12	13	13

[1]Direct, indirect and induced Gross Value Added, from PwC analysis; [2] Direct, indirect and induced jobs supported, PwC analysis.
[3] Includes voluntary and involuntary turnover, excludes end of fixed term contracts and internal transfers.
[4] Results from SSE's annual employee engagement survey.
[5] Non-Executive directors including non-Executive Chair 6 Excludes non-Executive Chair.

FURTHER INFORMATION

Investor Timetable	
Interim ex-dividend date	11 January 2024
Record date	12 January 2024
Scrip reference pricing days	11-17 January 2024
Scrip reference price confirmed and released via RNS	18 January 2024
Q3 Trading Statement	Around 31 January 2024
Final date for receipt of scrip elections	9 February 2024
Interim dividend payment date	8 March 2024
Notification of Closed Period	Around 31 March 2024
Preliminary results for the year ended 31 March 2024	22 May 2024
AGM and Q1 Trading Statement	18 July 2024

Contact Details		
Institutional investors and analysts	ir@sse.com	+ 44 (0)345 0760 530
Shareholder services	SSE@linkgroup.co.uk	+ 44 (0)345 143 4005
Media	media@sse.com	+ 44 (0)345 0760 530
MHP Group, Oliver Hughes	oliver.hughes@mhpgroup.com	+ 44 (0)7885 224 532
MHP Group, James McFarlane	james.mcfarlane@mhpgroup.com	+ 44 (0)7584 142 665

Management presentation webcast and teleconference

SSE will present its preliminary results for the six months to 30 September 2023 on Wednesday 15 November at 08:30am GMT.

You can join the webcast by visiting www.sse.com and following the links on either the homepage or investor pages; or directly using:

https://edge.media-server.com/mmc/p/dw2x2esm

This will also be available as a teleconference, for which participants can register to receive a unique pin code and conference call number using:

https://register.vevent.com/register/BIe77882c54fa74697a441888ca5385b71

The presentation will be available to replay.

Online Information

News releases and announcements are made available on SSE's website at www.sse.com/investors and you can register for Regulatory News Service alerts using the following link: sse.com/investors/regulatory-news/regulatory-news-alerts/. You can also follow the latest news from SSE at www.twitter.com/sse.

STRATEGIC OVERVIEW

DELIVERY, DRIVE AND DISCIPLINE

Recent months have shown yet again the benefit that both shareholders and society derive from a truly balanced energy business with an unwavering strategic focus on a value-creating transition to net zero.

We continue to make excellent progress against our plans, but we are sensitive to events in the world around us and so far in 2023/24 there has been much for us to consider and navigate. We have seen abnormal weather patterns and meteorological events, geopolitical conflict on two fronts with related economic aftershocks, and heightened uncertainty over short-term domestic policy as a UK General Election approaches.

Through it all, at SSE we have concentrated on a purpose that enjoys broad political and societal consensus. We are delivering on the execution of a long-term, climate-based strategy, and maintained our commitment to health and safety.

BUILDING MOMENTUM BEHIND OUR STRATEGY

In practice, this has meant building even more momentum behind our Net Zero Acceleration Programme Plus and creating real value for all of our stakeholders.

Our strategy is built on the knowledge that networks, renewables and flexible thermal generation will be major features of a future energy system with electricity at its heart. And while the policy and delivery pace of all three will shift over time, there are tailwinds behind each of them and a wealth of increasing opportunities for value and growth as we transition to net zero.

The unrivalled optionality and balance of the SSE business mix means that our capital allocation will move across the value chain, reflecting changes to the visibility of growth opportunities and the relative attractiveness of returns. The changes to the capex weightings within the NZAP Plus as announced today are evidence of that strategy in action.

DELIVERING ON INVESTMENT

We have further strengthened our standing as a national clean energy champion, investing £10m a day over the five years of the NZAP Plus plan in the critical infrastructure that is so clearly needed for a future energy system that is cleaner, more secure and more affordable.

Dogger Bank, which will be the world's biggest offshore wind farm, exported first power last month; Seagreen offshore wind farm is now fully operational, with capacity to power 1.6m UK homes; and Viking, which will be Europe's most productive onshore wind farm, has all of its turbines installed on Shetland. These flagship renewables projects support our growth targets and earnings guidance as they enter a market that is offering prices that are likely to be higher for longer, but equally will help keep those prices lower for consumers than they would otherwise be.

At the same time, Ofgem's Large Onshore Transmission Investments (LOTI) re-opener and the Accelerated Strategic Transmission Investment (ASTI) framework have given SSEN Transmission greater visibility of future growth. This visibility, along with greater certainty over supply chain costs, has allowed us to update our investment forecasts and we now expect £2.5bn of additional capex to be spent across the five years to 2026/27 in that business – contributing to a net increase to the NZAP Plus investment of £20.5bn.

Investment on this scale comes with a surge in construction activity, and with it an increased level of physical risk. This has been reflected in a regrettable rise in our TRIR measure of safety performance in the first half. Getting people home safe at the end of each working day remains SSE's primary objective; we take our responsibility in this regard very seriously, and we have put measures in place to address the underlying causes of the recent rise in incidents.

DRIVING SUSTAINABLE EARNINGS

We have stability, reliable earnings and natural hedges right across the Group. The networks and renewables businesses are highly complementary in terms of their growth characteristics, asset focus, and combined financial strength, whilst elsewhere in our energy businesses we have assets that offer important flexibility to manage the variability of wind.

Networks have long been an underlying value driver for SSE, and that is even clearer now. The resulting revision to our capex plan not only grows our regulated asset base, but also gives us greater confidence in being comfortably within our earnings guidance to 2026/27.

In the near term, attractive returns are being delivered from our existing portfolio of world-class assets. Over the medium term we expect our large, multi-year capital programmes to increase earnings over the course of the NZAP Plus. And looking to the long term, our growing development pipeline promises more value over the decade to come and beyond.

MAINTAINING CAPITAL DISCIPLINE

Our capital discipline has stood us in good stead in the recent market environment. In the Contracts for Difference Allocation Round 5 we held back from an offshore process that did not meet our investment criteria, but onshore we were rewarded with contracts secured for over 600MW at attractive returns.

Put simply, when we cannot see attractive returns from contracts, or where seabed is too expensive, we will exercise discretion in our decision making. Our very deliberate business mix supports this approach by providing wide-ranging optionality.

We have the flexibility to dial our capital allocation up or down – prioritising investment to the asset classes offering the best returns in the prevailing market conditions. With this in mind, on a risk-adjusted basis, increasing investment in regulated networks is the sensible choice right now.

This disciplined approach extends to new technologies too. As we transition to net zero, we will need lower-carbon thermal generation such as hydrogen and carbon capture and storage; and pumped hydro storage; but our commitment to development expenditure is measured, and clarity on supportive policy is needed for us to invest at scale. All credible pathways to existing government targets indicate these assets will be needed quickly and we expect policy to recognise this.

MEETING LONG-TERM, ESG-ALIGNED, TARGETS

SSE is an ESG-rated stock with business goals aligned to a 1.5°C global warming pathway. The revised targets we set out in May as part of the NZAP Plus contribute to those goals and are well within reach. But those targets were only ever a floor, not a ceiling, to our ambitions and today we have made further refinements to our capex projections.

With the increase in networks investment announced today, we have already secured the vast majority of the assets that will deliver our expected earnings growth to 2026/27. Our balanced portfolio of regulated and market-based businesses provides us with a defensive earnings mix which has significant indexation to inflation and is supported by a strong balance sheet, with the vast majority of debt held at fixed rates.

SSE is a long-term business with excellent prospects over the next decade and beyond. Credit for much of this goes to Gregor Alexander. His stewardship as Finance Director has been central to leading us to the strong position we are in today. I thank him for his 33 years of tireless service with the Company to date, and wish him well in his continued involvement as Chair of the SSEN Transmission Board and as a member of the Neos Networks Board.

We have a highly capable successor to Gregor in Barry O'Regan. In his role as Chief Financial Officer, I have every confidence that Barry will help us meet our targets and build on a compelling investment proposition featuring exposure across the clean energy value chain; balance sheet strength; exceptional optionality and capability; and visibility of sustainable earnings growth.

Alistair Phillips-Davies
Chief Executive
SSE plc

GROUP FINANCIAL REVIEW

SIX MONTHS ENDED 30 SEPTEMBER 2023

This Group Financial Review sets out the financial performance of the SSE Group for the six months ended 30 September 2023. See also the separate sections on Group Financial Outlook, 2023/24 and beyond, and Supplemental Financial Information.

In order to present the financial results and performance of the Group in a consistent and meaningful way, SSE applies a number of adjusted accounting measures throughout this financial report. These adjusted measures are used for internal management reporting purposes and are believed to present the underlying performance of the Group in the most useful manner for shareholders and other stakeholders.

Both the SSE Renewables and SSE Enterprise comparative results have been restated to reflect the transfer of responsibility for the Solar and Battery business to SSE Renewables from April 2023.

The definitions SSE uses for adjusted measures are consistently applied and are explained – including a detailed reconciliation to reported measures – in the Alternative Performance Measures section of this document before the Interim Financial Statements.

Key Financial Metrics (continuing operations)[1]	**Adjusted**		**Reported**	
	Sep 2023 £m	**Sep 2022 £m**	**Sep 2023 £m**	**Sep 2022 £m**
Operating profit / (loss)	693.2	716.0	602.3	(635.1)
Net finance (costs) / income	(128.0)	(156.6)	(29.0)	124.1
Profit / (loss) before tax	565.2	559.4	573.3	(511.0)
Current tax (charge) / credit	(88.4)	(70.3)	(140.0)	122.4
Effective current tax rate (%)	*15.6*	*12.6*	*24.4*	*24.0*
Profit / (loss) after tax	476.8	489.1	433.3	(388.6)
Less: hybrid equity coupon payments	(73.1)	(38.8)	(73.1)	(38.8)
Less: profits attributable to non-controlling interests	-	-	(51.2)	-
Profit / (loss) after tax attributable to ordinary shareholders	403.7	450.3	309.0	(427.4)
Earnings / (loss) per share (pence)	37.0	41.8	28.3	(39.7)
Number of shares for basic/reported and adjusted EPS (million)	1,090.4	1,077.2	1,090.4	1,077.2
Shares in issue at 30 September (million)[2]	1,092.1	1,085.9	1,092.1	1,085.9

[1] *Excluded discontinued operation relates to the disposal of the Gas Production business which contributed £35.0m to Reported profit for the period ended 30 September 2022 (30 September 2023: £nil).*
[2] *Excludes Treasury shares*

Dividend per Share (pence)	**Mar 2024**	**Mar 2023**
Interim Dividend	20.0	29.0
Final Dividend[1]	40.0	67.7
Full Year Dividend	**60.0**	**96.7**

[1]*Final dividend 2023/24 expected to be recommended by the Directors for approval by shareholders at the 2024 AGM.*

OPERATING PROFIT PERFORMANCE FOR THE SIX MONTHS TO 30 SEPTEMBER 2023

Business-by-business segmental (continuing operations)	Adjusted Sep 2023 £m	Adjusted Sep 2022 £m	Reported Sep 2023 £m	Reported Sep 2022 £m
Operating profit / (loss)				
SSEN Transmission	215.6	208.4	287.3	208.4
SSEN Distribution	120.1	174.6	120.1	174.6
Electricity networks total	**335.7**	**383.0**	**407.4**	**383.0**
SSE Renewables	**86.8**	**15.0**	**(23.7)**	**(36.8)**
SSE Thermal	312.9	100.4	234.6	342.7
Gas Storage	(86.7)	147.8	(91.3)	544.8
Thermal Total	**226.2**	**248.2**	**143.3**	**887.5**
GB Business Energy	88.0	59.4	88.0	59.4
SSE Airtricity (NI and Ire)	5.8	14.9	5.3	14.8
Energy Customer Solutions Total	**93.8**	**74.3**	**93.3**	**74.2**
SSE Energy Markets (formerly EPM)	**9.0**	**30.3**	**88.9**	**(1,958.0)**
SSE Enterprise (formerly Distributed Energy)	**(8.4)**	**0.6**	**(8.4)**	**0.6**
Neos Networks	**(14.7)**	**(6.5)**	**(16.3)**	**(11.2)**
Corporate unallocated	**(35.2)**	**(28.9)**	**(82.2)**	**25.6**
Total operating profit / (loss)	**693.2**	**716.0**	**602.3**	**(635.1)**
Net finance (costs) / income	(128.0)	(156.6)	(29.0)	124.1
Profit / (loss) before tax	**565.2**	**559.4**	**573.3**	**(511.0)**

Notes: HY2022/23 segmental numbers above restated to reflect movement of Solar and Battery business to SSE Renewables and Building Energy Management Systems to Business Energy, both previously reported under SSE Enterprise. Excluded discontinued operation relates to the disposal of the Gas Production business which contributed £35.0m to Reported profit for the period ended 30 September 2022 (30 September 2023: £nil).

Segmental EBITDA results are included in Note 5(d) to the Interim Financial Statements.

OPERATING PROFIT

Adjusted and reported operating profits/losses in SSE's business segments for the six months to 30 September 2023 are set out below; comparisons are with the same period to 30 September 2022 unless otherwise stated.

SSEN Transmission: Adjusted operating profit increased by 3% to £215.6m, despite a £(71.7)m basis difference to reflect the non-controlling interest share of operating profit in the current period following the 25% divestment of this business on 30 November 2022. SSEN Transmission's higher allowed revenues, together with a positive timing variance following under-recovery of revenues in the previous year, were partially offset by increases in operating costs and depreciation charges as the business continues to expand its asset base and operational capabilities under the RIIO-T2 price control.

Reported operating profit increased by 38% to £287.3m, reflecting all of the adjustments above except for the non-controlling interest basis difference, as non-controlling interests are fully consolidated for all profit metrics under IFRS.

SSEN Distribution: Adjusted and reported operating profit reduced by 31% to £120.1m in the period. The allowed revenue under the price control for FY24 is based on tariffs which were set in December 2021 and therefore do not reflect the inflationary increases to the operating cost base since that date. As a result, the increase in operating costs is the main driver of the year-on-year variance in operating profit, with increases in employee costs due to inflation and additional headcount, alongside higher network costs due to maintenance volumes, and depreciation reflecting the continually increasing asset base.

SSE Renewables: Adjusted operating profit increased by 479% to £86.8m. The increase in profitability was driven primarily through onshore and offshore wind revenues which achieved higher average hedge prices whilst incurring lower levels of costs associated with hedged output buy-backs in a less volatile market. Output for the period was driven by exceptionally still and dry weather conditions, particularly in the first quarter of 2023/24, and additional but delayed capacity as Seagreen offshore wind farm commissioned left SSE Renewables' output around 0.8TWh or 19% behind planned levels year to date (representing around 7% of the full year volume budget) but broadly in line with the prior period.

The SSE Renewables reported operating result improved to £(23.7)m versus £(36.8)m in the prior period. In addition to the factors noted above, the reported loss reflects an increase in the share of Joint Venture interest and tax of £(6.7)m and an exceptional remeasurement in the current period of £(51.5)m mainly relating to net movement on remeasurement of SSE's affiliate CfD with Seagreen for c.30% of the project's output.

SSE Thermal: Adjusted operating profit increased 212% to £312.9m, compared to £100.4m in the prior period. The first half of the year saw lower year-on-year output as lower spark spreads and volatility combined with planned and unplanned outages across the summer. However, additional capacity in the period from Triton Power (acquired on 1 September 2022) and Keadby 2 (entered commercial operation on 15 March 2023) together contributed £103m adjusted operating profit, excluding capacity market income. This additional capacity combined with a lower financial impact from plant outages, and an increase in capacity market earnings of £72m relative to prior period, saw earnings increase significantly year-on-year.

Reported operating profit decreased by 32% to £234.6m, compared to £342.7m in the prior period which included £247.6m of non-recurring gains from the acquisition of Triton Power, the disposal of Fiddler's Ferry land and the reversal of historic Great Island impairment charges. The current period result includes a £63.2m accounting impairment charge in addition to a £13.5m adverse mark-to-market movement on operating derivatives, both driven by decreases in observable forward commodity prices and both relating to the Triton Power Joint Venture.

Gas Storage: Adjusted operating profit decreased by 159% to a loss of £(86.7)m, compared to £147.8m of profit in the prior period. As a seasonal business, a typical year sees gas injected in the summer months when prices are low and then withdrawn and sold in the winter months when prices are higher. The first half of the current financial year has seen significant trading churn of the injected gas held in storage, which has the effect of lowering the average cost of gas and creating an adjusted operating loss. This stored gas has been sold forward into the second half of the year and therefore the business is expected to record a full-year profit of more than £75m after gas is withdrawn over the winter months. The prior period result reflected a higher and more volatile gas market as well as an inversion of the typical spread between higher-priced winter gas and lower-priced summer gas due to low Russian gas supplies and high demand as gas stores were built up.

Reported operating profit decreased by 117% to a loss of £(91.3)m in the period. In addition to the factors outlined above, the reported result for the current period accounts for a £(4.6)m mark-to-market loss on the fair value of physical gas inventory compared to a £195.9m uplift recorded for the same purpose in the prior period. As has been noted in prior years, this does not take account of mark-to-market movements on forward contracted sales and therefore does not reflect valuation movements expected to be realised by the business. In addition to that fair value movement, the prior period also included a £201m impairment reversal which represented a full reversal of historic impairments on the Aldbrough Gas Storage assets.

GB Business Energy: Adjusted and reported profitability increased by 48% to £88.0m of profit in the period due in the main to the seasonal phasing of margins; with greater margins expected to be achieved in the first half and profitability expected to partially reverse to a lower level for the full financial year. It remains a challenging environment for consumers and customer-facing businesses with bad debt expenses increasing by c.25% on the prior period to £(56.6)m. A customer support fund of £15m was established in the period to support customers including small businesses, voluntary and charitable organisations.

SSE Airtricity: Adjusted profitability decreased to £5.8m from £14.9m in the prior period. Airtricity's primary focus remains supporting customers through the ongoing cost-of-living crisis and at the start of the current period it honoured its commitment to give all FY23 profits back to households in Ireland via a household credit. Lower margins resulting from higher commodity costs and higher indirect costs including bad debt expenses were partially offset by upside from REFIT onshore wind contracts which are recorded within SSE Airtricity.

Reported profitability has decreased to £5.3m from £14.8m in the prior period reflecting the movements above, as well as a £(0.5)m share of interest and tax in the current year from Joint Ventures.

SSE Energy Markets (formerly Energy Portfolio Management): Adjusted operating profit has decreased to £9.0m from a £30.3m profit in the prior period. Energy Markets continues to generate a relatively low level of baseline operating earnings through service provision to those SSE businesses requiring access to the Energy Markets. In addition to this, the business is permitted to take small optimisation opportunities whilst managing liquidity and shape on external trades but these optimisation opportunities are subject to strict internal VAR limits and controls. The decrease in profitability is mainly due to a lower level of volatility and price of power and gas trades in the market, which has driven lower profits from the trading and optimisation activities.

A reported operating profit of £88.9m was recognised in the period, compared to a £(1,958.0)m loss in the prior period. In addition to the movements above, the reported operating result includes the net remeasurement gain in the current period and loss in the prior period on forward commodity derivatives in the period which are fair valued in accordance with IFRS 9. In line with previous years, this excludes any remeasurement on 'own use' contracts and is unrelated to underlying operating performance.

SSE Enterprise (formerly Distributed Energy): An adjusted and reported operating loss of £(8.4)m was recognised, compared to a profit of £0.6m in the prior period. The business continues to incur losses as it invests to support business growth in localised and flexible, smart energy infrastructure.

Neos Networks: SSE's remaining 50% share in the Telecoms business Neos Networks Limited recorded an adjusted operating loss of £(14.7)m compared to £(6.5)m in the prior period, and a reported operating loss of £(16.3)m compared to a loss of £(11.2)m in the prior period. These results reflect losses incurred to support future business growth.

Corporate Unallocated: Adjusted operating loss of £(35.2)m compares against a loss of £(28.9)m in the prior period. This reflects the continuing unwind of income from historic transitional service agreements with Energy Services (disposed to Ovo in January 2020), Neos Networks (part-disposed in January 2019) and SSE Contracting (disposed to Aurelius in July 2021), as well as increasing overhead costs.

Reported operating loss of £(82.2)m compares against a profit of £(25.6)m in the prior period. The current period included a £(50.5)m exceptional charge which relates to the movement on the Group's exposure to financial guarantee liabilities relating to disposed businesses following adoption of IFRS 17, and a £3.5m positive revaluation adjustment relating to the legacy Gas Production decommissioning provision. In the previous period, a £54.5m positive revaluation adjustment was recognised on the same provision.

ADOPTION OF IFRS 17 "INSURANCE CONTRACTS"

On 1 April 2023, the Group adopted IFRS 17 'Insurance Contracts' on a modified retrospective basis from the earliest period presented in this Interim Results Statement.

The Group provides guarantees in respect of certain activities of former subsidiaries and to certain current joint venture investments. Prior to adoption of IFRS 17, these contracts were designated as insurance contracts under IFRS4, where existing accounting practices were grandfathered and the contracts were treated as contingent liabilities until such time as it became probable the Group would be required to make payment to settle the obligation. The adoption of IFRS 17 from 1 April 2022 resulted in a reassessment of these contracts and the Group elected to apply the valuation principles of IFRS 9 to these contracts. Adoption resulted in the fair value recognition of financial guarantee liabilities of £(45.4)m; a £17.6m increase in equity investments in joint ventures and associates; a related deferred tax liability of £1.1m; and a £28.9m adjustment to retained earnings. On 1 September 2022, the Group acquired a 50% joint venture in Triton Power Holdings Limited and provided parent company guarantees to Saltend Cogeneration Company Limited (acquired as part of the Triton Power 50% equity accounted joint venture). In the comparative 6 month period to 30 September 2022, the Group has therefore recognised a further £(16.0)m increase to the Group's financial guarantee liabilities to reflect this guarantee and a £16.0m increase to the Group's equity investment in Triton.

During the 6 month period to 30 September 2023, the Group recognised a net charge of £(46.5)m, of which a £(50.5)m expense has been treated as an exceptional charge, in relation to the increase in liabilities associated with certain guarantee contracts under IFRS 17.

ADJUSTED EARNINGS PER SHARE

To monitor its financial performance over the medium term, SSE reports on its adjusted earnings per share measure. This measure is calculated by excluding the charge for deferred tax, interest costs on net pension liabilities, exceptional items, depreciation on fair value adjustments, revaluation adjustments to the retained 60% Gas Production decommissioning obligation, results attributable to non-controlling interest holders and the impact of certain remeasurements.

SSE's adjusted EPS measure provides an important and meaningful measure of underlying financial performance. In adjusting for these items, adjusted EPS reflects SSE's internal performance management, avoids the volatility associated with mark-to-market IFRS 9 remeasurements and means that items deemed to be exceptional due to their nature and scale do not distort the presentation of SSE's underlying results. For more detail on these and other adjusted items please refer to the Adjusted Performance Measures section of this statement.

In the six months ended 30 September 2023, SSE's adjusted earnings per share on continuing operations was 37.0p. This compares to 41.8p for the previous year and reflects the movements in adjusted operating profit outlined in the section above, as well as the normal seasonal nature of operations that deliver the majority of annual earnings in the second half of SSE's financial year.

GROUP FINANCIAL OUTLOOK – 2023/24 AND BEYOND

FINANCIAL OUTLOOK FOR 2023/24

SSE's balanced portfolio of economically-regulated and market-based businesses have continued to navigate the risks and opportunities from variable market conditions in the first half of the year. In particular, whilst renewables output has been significantly below expectations, the flexible thermal generation portfolio has continued to perform well in the market thereby demonstrating the portfolio effect of the two technologies.

SSE remains focused on delivering long-term sustainable financial performance. Whilst energy prices and energy price volatility continue to fall from the highs of the last financial year, the group remains confident that its businesses will collectively deliver strong adjusted operating profit in the 2023/24 financial year, specifically:

- **SSEN Transmission**: Expect adjusted operating profit to be higher than the previous financial year, even after taking account of an additional 8 months of non-controlling interest.
- **SSEN Distribution**: Expect adjusted operating profit to be lower than the previous financial year, as inflationary impacts on the operating cost base will not be reflected in regulatory tariffs until FY25.
- **SSE Renewables**: Following Seagreen reaching full commercial operations in October 2023, continue to expect to deliver to the planned levels of output for the second half of the year, excluding any Dogger Bank A commissioning volumes and subject to normal weather conditions.
- **SSE Thermal and Gas Storage**: Assuming normal plant availability and supportive market conditions, adjusted operating profit for both businesses is expected to be more than £750m, of which Gas Storage is expected to contribute adjusted operating profit of more than £75m.

Taking the above factors into account, and with the key winter months to come, SSE continues to expect to report full-year 2023/24 adjusted Earnings Per Share of more than 150 pence and expects to provide updated EPS guidance later in the financial year.

The Group is on course to report capital, investment and acquisition expenditure for 2023/24 of around £2.5bn with leverage as at March 2024 expected to be below the target of 3.5 – 4.0x net debt to EBITDA.

NET ZERO ACCELERATION PROGRAMME PLUS

Further upgrading capital investment plan to 2027

In May 2023, SSE announced an update to the Net Zero Acceleration Programme or NZAP (originally presented November 2021) which rolled the plan forward by 12 months whilst also upgrading the targets, ambitions and investment mix. In the six months since that update was announced, the Group has been focussed on delivery of that strategy whilst recognising the impact from a changing macroeconomic environment.

As a result of increased visibility over the scale of investment opportunities available within the SSEN Transmission business, SSE has further revised its plan by increasing the expected investment by £2.5bn to around £20.5bn over the five years to 2026/27. This increase to SSE's capital investment plans – which is solely allocated to the regulated SSEN Transmission business – has the effect of upweighting the proportion of Electricity Networks spend as outlined below:

Investment Plan (5 years)	NZAP (Nov 2021)	NZAP+ (May 2023)	NZAP+ Nov 23 update
Total adjusted investment	~£12.5bn	~£18.0bn	~£20.5bn
- Electricity Networks	~40%	~50%	~55%
- Market based	~60%	~50%	~45%

Following this increase, SSE anticipates the investment will be focussed on:

- **SSEN Transmission (~37% or ~£7.5bn)** to continue to comprise the majority of expected investment in regulated electricity networks. With the RIIO-T2 baseline investment programme continuing at pace, the £2.5bn increase in capital investment is expected to be incurred across the three Large Onshore Transmission Investment ('LOTI') projects that have received approval of need from Ofgem, in addition to increased visibility over the early construction costs expected on the Accelerated Strategic Transmission Investment ('ASTI') framework projects – the first of which is Eastern Green Link 2. This increased investment is expected to increase gross RAV to more than £10bn by the end of 2026/27, whilst delivering expected adjusted operating profits (net of 25% Non-Controlling Interest) of more than £400m on average across the five year plan.
- **SSEN Distribution (~17% or ~£3.5bn)** remains on track to deliver its £3.6bn RIIO-ED2 investment programme which – alongside growth opportunities from Uncertainty Mechanisms, the first of which has already been secured – continues to expect gross RAV to increase to between £6 - 7bn by the end of 2026/27 and deliver expected adjusted operating profits of at least £450m on average across the five year plan.
- **SSE Renewables (~34% or ~£7bn)** is continuing to deliver on its ambitious construction programme, with critical milestones achieved in the period such as first power from Dogger Bank offshore wind farm and full power from Seagreen offshore wind farm. Whilst the target to reach around 9GW of installed capacity by 2026/27 remains, the business continues to focus on financial discipline and selective renewables growth only where value accretive. With that focus, the allocation of capital continues to move across a diverse mix of renewable technologies such as the investment in over 500MW of battery storage projects that are currently under construction. As such, the business continues to expect to invest around £7bn net across the five-year period and is expected to deliver a ~20% adjusted profit CAGR across the five-year plan subject to normal weather and a c.£85/MWh baseload power price in 2026/27.
- **SSE Thermal and other businesses (~12% or ~£2.5bn)** comprise the remaining expected investment, with SSE Thermal's pipeline of low-carbon thermal generation projects – such as sustainable biofuels, carbon capture and ultimately hydrogen – making solid progress over the last six months with the existing efficient, flexible thermal fleet continuing to expect to deliver adjusted operating profits of around £500m on average across the remaining four years to 2026/27.

With around 90% of the upweighted investment plan expected to be invested in electricity networks and renewables, the substantial majority is focussed on climate solutions to achieve SSE's 2030 Goals which are linked to its most highly-material UN Sustainable Development Goals (SDGs) and aligned to the Technical Screening Criteria of the EU Taxonomy.

Upweighted investment plan remains fully-funded, with continued strong balance sheet

SSE has continued to demonstrate its ability to realise value from disposals, create sustainable earnings growth and raising capital at highly attractive terms, most recently the €750m 8-year Green Bond issued in September 2023 at a fixed coupon of 4.0%.

The Group's business mix, capital investment and funding plans continue to be designed to ensure that it retains an investment grade credit rating which provides capacity to reach a 4.5x net debt / EBITDA ratio.

And whilst the incremental £2.5bn investment is expected to be mainly funded by the issuance of around £2bn of additional debt towards the end of the five year plan, the financial strength of the Group and continued earnings growth means that it expects to still be within the target 3.5 – 4.0x net debt / EBITDA by the end of 2026/27.

Maintaining disciplined investment and returns

SSE maintains its focus on allocating capital based on clear internal investment criteria intended to maximise investment returns whilst ensuring strategic alignment with SSE's vision to be a leading energy company in a net zero world.

With the backdrop of a changing macroeconomic environment, SSE remains fully committed to its disciplined approach of focussing investment on high-quality assets where SSE's capabilities can deliver favourable risk-adjusted project returns, namely continuing to target:

- **Solar**: returns between 50-300 bps over WACC for unlevered projects, depending on the balance of merchant, technology and construction risk for each project;
- **Onshore wind**: returns between 100-300 bps over WACC for unlevered projects, also depending on the balance of merchant, technology and construction risk for each project;
- **Offshore wind**: more than 11% equity returns (excluding developer profits but including seabed lease fees) for project financed developments;
- **Networks**: between 7 – 9% return on equity assuming a level of outperformance, CPIH inflation of 2% p.a. and an average gearing ratio of 60%; and
- **Emerging technologies (principally Batteries, CCS and Hydrogen)**: between 300-500 bps over WACC for unlevered projects, reflecting the expected increased operating and technology risk from newer, first of a kind technologies.

These investment criteria – and targeted returns – continue to be applied in both domestic and overseas markets.

Reaffirming expected earnings growth and dividend plan

Taking account of the Group's latest view of Renewables and Networks project delivery out to 2026/27, in addition to the upweighted investment in Networks announced today, SSE now has greater confidence in being comfortably within its 175 – 200p adjusted earnings per share guidance range for 2026/27. This increased visibility over investment means that existing operational assets and committed capex are together expected to deliver around 95% of the 2026/27 EPS guidance, with key assumptions remaining unchanged since May 2023. These include an ~£85/MWh nominal baseload power price for Renewable output in 2026/27; no assumed developer profits on project sell-downs; normal weather and plant availability; a ~4.5% average cost of debt across the plan which in turn assumes a 5.5% coupon on new debt issuance; and an ~16% average effective tax rate across the plan.

Reflecting the SSE Boards' confidence in delivering this future earnings growth, the commitment to target dividend increases following the rebase to 60 pence per share in 2023/24 of between 5 to 10% per year across 2024/25, 2025/26 and 2026/27 remains unaffected by the upweighted investment plan. This plan retains the scrip dividend option for shareholders, with the cap on take-up still set at 25% and implemented (if necessary) by means of a share buy-back.

SUPPLEMENTAL FINANCIAL INFORMATION

Adjusted Investment and Capex Summary	Sep 2023 Share %	Sep 2023 £m	Sep 2022 £m
SSEN Transmission (excluding 25% MI from 1 Dec 2022)	23%	242.6	270.9
SSEN Distribution	23%	245.5	175.8
Regulated networks total	**46%**	**488.1**	446.7
SSE Renewables	**43%**	**447.1**	477.8
SSE Thermal	4%	38.2	89.2
Gas Storage	-	0.2	6.5
Thermal Energy Total	**4%**	**38.4**	95.7
Energy Customer Solutions	4%	36.8	26.2
SSE Energy Markets (formerly Energy Portfolio Management)	-	3.4	2.3
SSE Enterprise (formerly Distributed Energy)	1%	15.2	10.5
Corporate unallocated	2%	25.3	44.0
Adjusted investment and capital expenditure	**100%**	**1,054.3**	1,103.2
Acquisitions		-	640.0
Adjusted investment, capital and acquisitions expenditure		**1,054.3**	1,743.2

Note: HY2022/23 segmental numbers above restated to reflect movement of Solar and Battery business to SSE Renewables and Building Energy Management Systems to Business Energy, both previously reported under SSE Enterprise

SSE'S CAPITAL EXPENDITURE PROGRAMME

During the six months to 30 September 2023, SSE's adjusted investment, capital and acquisitions expenditure totalled £1,054.3m, compared to £1,743.2m in the same period last year. The reduction is driven primarily by prior period acquisition expenditure relating to the purchase of the Southern European onshore wind development platform, and the acquisition of Triton Power Holdings, in separate transactions which both completed on 1 September 2022.

Investment in the reporting period was driven mainly by SSE's Renewables and Electricity Networks divisions, with limited deployment of capital in Thermal Energy and other businesses, and no acquisitions expenditure.

In **SSEN Transmission**, £242.6m net capex was delivered, including £59m on the next stage of the Shetland connection with the entire 260km HVDC cable now laid beneath the North sea, albeit some cable protection has still to be installed. The East Coast Upgrade also progresses at pace including a further £11m invested at Kintore during the period. First energisation of Phase 1 at Kintore was completed successfully in October 2023, with this phase due for completion towards the end of FY24; and all 3 Phases of this 400kV upgrade and 132kV substation replacement due by 2026. This site will be a world leader in 400kV SF6 free Gas Insulated Switchgear.

In the first 6 months of RIIO-ED2, **SSEN Distribution** invested £116.9m in the North network across a broad range of projects. Within this, £49m was invested in subsea cables, including the Pentland Firth East cable which energised during the period. In the South, total capex of £128.6m was delivered during the period covering a broad range of projects, with significant investment in Bramley Thatcham and Iver Reinforcement.

SSE Renewables invested a total of £447.1m during the period, including £161.4m on Viking onshore wind farm on Shetland, where all turbines have now been installed and commissioning is underway. In Ireland, £47.3m of capex was delivered on the construction of the 101MW Yellow River project, which is expected to be commissioned in early 2025. In the North Sea, £52.5m equity was drawn down to fund the final stages of construction of Seagreen offshore wind farm, which reached commercial operations in October 2023. In addition, the first equity contribution to Dogger Bank A of £2m was drawn down in the period, the project having previously been funded by non-recourse project financing in the Joint Venture.

In **SSE Thermal**, around £18m of the £38.2m investment in the period was incurred on the continued construction of the 50MW Slough Multifuel station, a joint venture with CIP, which is progressing towards handover during 2024/25.

SSE'S HEDGING POSITION AT 30 SEPTEMBER 2023

SSE has an established approach to hedging through which it generally seeks to reduce its broad exposure to commodity price variation at least 12 months in advance of delivery. SSE continues to monitor market developments and conditions and alters its hedging approach in response to changes in its exposure profile. SSE will continue to provide a summary of its hedging approach, including details of any changes in the period, within its Interim and Full-year Results Statements.

A summary of the hedging position for each of SSE's market-based businesses is set out below.

SSE Renewables – GB wind and hydro:

In previous reporting periods, energy output hedges have been progressively established through the forward sale of either electricity, or gas and carbon equivalents. This approach was developed in response to lower levels of available market depth and liquidity for electricity forward sales – particularly more than 12 months out – and therefore facilitated the continued reduction of exposure to volatile spot market outcomes.

During the period, the emerging pricing dislocation between UK Carbon and EU Carbon – combined with poor liquidity in forward periods for UK Carbon – has meant that a proportion of forward hedging has been conducted in gas equivalents only. This serves to anchor the underlying energy value for future output, whilst recognising that carbon and spark spread exposures remain, which will be managed as liquidity emerges on nearer term markets.

For transparency, the table below has been expanded to note both the proportion of hedges and prices of those hedges for electricity and equivalents (i.e. where gas and carbon equivalents have been hedged) and for gas alone (i.e. where the carbon leg has been unable to be hedged).

	At 31 March 2023	Update at 30 September 2023	
	2023/24	2024/25	2025/26
Wind			
Expected volume – TWh	6.5	6.8	6.8
Volume hedged - %	85%	84%	44%
- Hedge in electricity & equivalents - TWh	5.5	2.1	0.8
- Electricity hedge price - £MWh	£75	£97	£109
- Hedge in Gas – TWh	-	3.6	2.1
- Gas hedge price – p/therm	-	138p	117p
Hydro			
Expected volume – TWh	3.5	3.6	3.6
Volume hedged - %	85%	79%	43%
- Hedge in electricity & equivalents - TWh	3.0	1.0	0.1
- Electricity hedge price - £MWh	£86	£103	£107
- Hedge in Gas – TWh	-	1.7	1.2
- Gas hedge price – p/therm	-	138p	120p

Note: where gas and carbon trades have been used as a proxy for electricity, a constant 1 MWh:69.444 th and 1MWh:0.3815 te/MWh conversion ratio between commodities has been applied.

The table excludes additional volumes and income for Balancing Mechanism activity, ROCs, ancillary services, capacity mechanism and shape variations and optimisations. It also excludes volumes and income relating to Irish wind output, pumped storage and CfDs.

The expected volumes include SSE's equity share of forecast pre-CFD volumes from Seagreen offshore wind farm. No volumes have been included for Viking onshore wind farm nor Dogger Bank offshore wind farm as hedging for these assets has not yet commenced.

For wind energy output, SSE's established approach to hedging seeks to minimise the volumetric downside risk by targeting a hedge of less than 100% of its anticipated wind energy output for the coming 12 months. The targeted hedge percentage is reviewed and adjusted as necessary to reflect any changes in market and wind capture insights. The last such revision occurred in September 2023, setting a baseline target hedge of around 80% of the anticipated energy output from wind and hydro for the coming twelve months from that date.

Energy output hedges for both wind and hydro are progressively established over the 36 months prior to delivery (although the extent of hedging activity for future periods depends on the level of available market depth and liquidity).

Where possible, target hedge levels are achieved through the forward sale of either electricity, or gas and carbon equivalents. When gas-and-carbon hedges are converted into electricity hedges a "spark spread" is realised which can lead to changes in the average hedge price expected. This can increase the previously published average hedge price or decrease it.

However, where the market depth and liquidity significantly differs between gas and carbon, the hedging approach allows for the separate forward sale of either commodity, and for time periods beyond the 36 months prior to delivery, where it is believed that it would reduce risk against or secure value for generation assets. This approach aims to reduce the exposure of these wind assets to volatile spot power market outcomes whilst still providing an underlying commodity price hedge. When gas hedges are subsequently converted into electricity hedges ahead of delivery, a carbon and spark spread value is realised which will lead to changes in the average hedge price expected.

GB Thermal: In the six months prior to delivery, SSE aims to hedge all of the expected economic output of its CCGT assets, having progressively established this hedge over the 18 months prior to delivery.

This hedging approach is adjusted to take into account any changes in exposures as a result of current market conditions, such as the plant availability exposure, counterparty credit risk, and changes to cost of capital for collateral.

Hedging activity also depends on the availability of sufficient market depth and liquidity, which can be limited, particularly for periods further into the future.

Gas Storage: The assets are being commercially operated to optimise value arising from changes in the spread between summer and winter prices, market volatility and plant availability. At 30 September 2023, 109 mTh of gas inventory was physically held which represents c.58% of SSE's share of capacity (at 30 September 2022, 151mTh of gas inventory representing c.90% of SSE's share of capacity).

GB Business Energy: The business supplies electricity and gas to business and public sector customers. Sales to contract customers are hedged: at point of sale for fixed contract customers; upon instruction for flexi contract customers; and on a rolling hedge basis for tariff customers.

Given the pricing and macro-economic context, Business Energy is dynamically monitoring nearer term consumption actuals for any early signs of demand variability and adjusting future volumes hedged accordingly.

SSE Energy Markets (formerly EPM): This business provides the route to market and manages the execution for all of SSE's commodity trading outlined above (spark spread, power, gas, oil and carbon). This includes monitoring market conditions and liquidity and reporting net Group exposures. The business operates under strict position limits and VAR controls.

There is some scope for small position-taking to permit this business to manage around shape and liquidity whilst taking small optimisation opportunities. This is contained within a total VAR limit of £5m.

Ireland: Vertical integration of the generation and customer businesses in Ireland limits the Group's commodity exposure in that market.

SUMMARISING MOVEMENTS ON EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

EXCEPTIONAL ITEMS

In the six months ended 30 September 2023, SSE recognised a net exceptional charge within continuing operations of £(113.5)m before tax. The following table provides a summary of the key components making up the net charge:

Exceptional credits / (charges) within continuing operations	Total £m
Thermal Generation impairment of Triton Power investment	(63.2)
Movement on financial guarantee liabilities relating to disposed businesses following adoption of IFRS 17	(50.5)
Unwind of discounting on deferred consideration in respect of a historic disposal	0.2
Total exceptional charge	**(113.5)**

Note: The definition of exceptional items can be found in Note 2 (iii) of the Interim Financial Statements.

For a full description of exceptional items, see Note 6 of the Interim Financial Statements.

CERTAIN REMEASUREMENTS

In the six months ended 30 September 2023, SSE recognised a favourable net remeasurement within continuing operations of £55.9m before tax. The following table provides a summary of the key components making up the favourable movement:

Certain remeasurements within continuing operations	Total £m
Operating derivatives (including Joint Ventures, before tax)	19.5
Commodity stocks held at fair value	(4.6)
Financing derivatives	41.0
Total net favourable remeasurement	**55.9**

Operating derivatives

SSE enters into forward purchase contracts (for power, gas and other commodities) to meet the future demands of its energy supply businesses and to optimise the value of its generation assets. Some of these contracts are determined to be derivative financial instruments under IFRS 9 and as such are required to be recorded at their fair value as at the date of the financial statements.

SSE shows the change in the fair value of these forward contracts separately as this mark-to-market movement does not reflect the realised operating performance of the businesses. The underlying value of these contracts is recognised as the relevant commodity is delivered, which for the large majority of the position at 30 September 2023 is expected to be within the next 6 – 12 months.

The change in the operating derivative mark-to-market valuation was a £19.5m positive movement from the start of the year, reflecting a £1.2m positive movement on fully consolidated operating derivatives combined with a £18.3m share of positive movement on derivatives in jointly controlled entities (before tax) driven by commodity contract revaluations mainly in the Seagreen and Triton Power Joint Ventures.

The positive movement of £1.2m on fully consolidated operating derivatives includes:

- Settlement during the period of £499.4m of previously net “out-of-the-money” contracts in line with the contracted delivery periods; and
- An adverse net mark-to-market remeasurement of £(498.2)m on unsettled contracts including affiliate CfDs, largely entered into during the course of 2022/23 and 2023/24 and in line with the Group’s stated approach to hedging. This mark-to-market remeasurement – which compares to a £(1,044.0)m adverse movement in the prior period – reflects the reduced volatility seen in commodity markets during the period.

As in prior years, the reported result does not include remeasurement of 'own use' hedging agreements which do not meet the definition of a derivative financial instrument under IFRS 9 "Financial Instruments".

Commodity stocks held at fair value

Gas inventory purchased by the Gas Storage business for secondary trading opportunities is held at fair value with reference to the forward month market price. The £(4.6)m adverse movement in the year reflects the lower current forward market price when compared to the actual weighted average cost of gas stored at the period end.

However, whilst this movement reflects the net change in fair value of physical gas inventory held at the period end, it does not take into account any positive or negative mark-to-market movement on forward contracted sales. Therefore, similar to derivative contracts held at fair value, we do not expect that this valuation movement will reflect the final result realised by the business.

Financing derivatives

In addition to the movements above, a positive movement of £41.0m was recognised on financing derivatives in the period ended 30 September 2023, including mark-to-market movements on cross-currency swaps and floating rate swaps that are classed as hedges under IAS 39. These hedges ensure that any movement in the value of net debt is predominately offset by a movement in the derivative position. The adjustment was primarily driven by continued higher interest rates driving reductions in the "out of the money" position on SSE's fixed rate swaps, in addition to settlement of previously "out-of-the-money" contracts in line with the contracted delivery periods.

These remeasurements are presented separately as they do not represent underlying business performance in the period. The result on financing derivatives will be recognised in adjusted profit before tax when the derivatives are settled.

REPORTED PROFIT BEFORE TAX AND EARNINGS PER SHARE

Taking all of the above into account, reported results for the six months to 30 September 2023 are significantly higher than the previous year. In addition to the £55.9m net pre-tax gain on forward commodity, gas inventory and financing derivative fair value remeasurements and the £(113.5)m net pre-tax exceptional charge noted above – reported results also include £12.8m of interest income on the net pension asset and £68.4m of share of profits attributable to non-controlling interests.

Reported results in the prior period reflected pre-tax certain re-measurement losses of £(1,548.7)m mainly driven by the significant volatility in commodity markets in the prior period, as well as historic impairment reversals of £219m and net gains on acquisitions / disposals of £230m.

FINANCIAL MANAGEMENT AND BALANCE SHEET

Debt metrics	Sep 2023 £m	March 2023 £m	Sep 2022 £m
Net Debt / EBITDA*	**N/A**	**2.7x**	**N/A**
Adjusted net debt and hybrid capital (£m)	**(8,943.8)**	**(8,894.1)**	**(9,988.6)**
Average debt maturity (years)	5.9	6.4	6.5
Adjusted interest cover	3.9	7.6x	4.2x
Average cost of debt at period end (including all hybrid coupon payments)	4.02%	3.92%	3.83%

** Note: Net debt represents the group adjusted net debt and hybrid capital. EBITDA represents the full year group adjusted EBITDA, less £147m (at March 2023) for the proportion of adjusted EBITDA from equity-accounted Joint Ventures relating to project financed debt.*

Net finance costs reconciliation	Sep 2023 £m	Sep 2022 £m
Adjusted net finance costs	**128.0**	**156.6**
Add/(less):		
Lease interest charges	(11.7)	(14.1)
Notional interest arising on discounted provisions	(11.0)	(7.1)
Hybrid equity coupon payment	73.1	38.8
Adjusted finance costs for interest cover calculation	178.4	174.2

SSE Principal Sources of debt funding	Sep 2023	Mar 2023	Sep 2022
Bonds	54%	54%	52%
Hybrid debt and equity securities	18%	18%	18%
European investment bank loans	5%	5%	7%
US private placement	8%	10%	10%
Short-term funding	11%	9%	10%
Index –linked debt	4%	4%	3%
% Of which has been secured at a fixed rate	**91%**	**92%**	**92%**

Rating Agency	Rating	Criteria	Date of Issue
Moody's	Baa1 'stable outlook'	'Low teens' Retained Cash Flow/Net Debt	March 2023
Standard and Poor's	BBB+ 'positive stable'	About 18% Funds From Operations/Net Debt	September 2023

MAINTAINING A STRONG BALANCE SHEET

A key objective of SSE's long-term approach to balancing capital investment, debt issuance and securing value and proceeds from disposals is by maintaining a strong net debt/EBITDA ratio. SSE calculates this ratio based on a methodology that it believes best reflects its activities and commercial structure, in particular its strategy to secure value from partnering by using Joint Ventures and non-recourse project financing.

SSE considers it has the capacity to reach a ratio of up to around 4.5x, comparable with private sector utilities across Europe, whilst remaining above the equivalent ratios required for an investment grade credit rating.

While there may be short-term fluctuations in leverage as demonstrated by the 2.7 net debt/EBITDA achieved at 31 March 2023 (2022: 4.0x), it is expected that this ratio will generally fall between 3.5 – 4.0x across the five years to 31 March 2027.

SSE's S&P credit rating were updated in December 2022 to BBB+ 'positive outlook' and its Moody's rating was reaffirmed in March 2023 at Baa1 with 'stable outlook'.

ADJUSTED NET DEBT AND HYBRID CAPITAL

SSE's adjusted net debt and hybrid capital was £8.9bn at 30 September 2023, broadly unchanged from 31 March 2023. With no significant acquisitions or divestments in the period, the debt movement relates to dividends, capex spends and revaluation of currency debt as well as various working capital movements being offset by operating cash flows.

DEBT SUMMARY AS AT 30 SEPTEMBER 2023

The Group issued €750m of new medium- long-term debt in the first half of the financial year whilst also continuing to roll Commercial Paper at the same level as at 31 March 2023:

- In September 2023, SSE plc issued an 8 year €750m Eurobond at a coupon of 4.0% with an all-in cost of funding rate of just above 4% once fees have been included. The bond was left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.

- Over the course of the year, SSE plc rolled maturing short-term debt which takes the total outstanding Commercial Paper at 30 September 2023 to €1,048m (£902m). Commercial Paper has been issued in Euros and swapped back to Sterling at an average cost of debt of 5.92% and matures between October 2023 and January 2024.

In the six months to 30 September 2023, £0.7bn of medium-to-long-term debt has matured comprising £155m (US Private Placement) which matured in April 2023 and September 2023, €700m (£514m) (Eurobond) which matured in September 2023 and £50m European Investment Bank fixed rate loan which matured in September 2023.

In the next twelve months, there is a further £204m of medium-to-long-term debt maturing being £204m US Private Placement maturing in April 2024. As noted above, €1,048m (£902m) of short-term debt in the form of Commercial Paper is also due to mature in the second half of 2023/24, however the current intention is to roll this maturing short-term debt forward throughout the 2023/24 financial year. In addition to these contractual maturities, it is anticipated that any capital expenditure related draw-downs of the Transmission RCF facility will be refinanced with long-term debt in the future, with £220m drawn on that facility at 30 September 2023.

HYBRID BONDS SUMMARY AS AT 30 SEPTEMBER 2023

Hybrid bonds are a valuable part of SSE's capital structure, helping to diversify SSE's investor base and most importantly to support credit rating ratios, with their 50% equity treatment by the rating agencies being positive for SSE's credit metrics.

A summary of SSE's hybrid bonds as at 31 March 2023 can be found below:

Issued	Hybrid Bond Value[1]	All in rate[2]	First Call Date	Accounting Treatment
July 2020	£600m	3.74%	Apr 2026	Equity accounted
July 2020	€500m (£453m)	3.68%	July 2027	Equity accounted
April 2022	€1bn (£831m)	4.00%	Apr 2028	Equity accounted

[1] *Sterling equivalents shown reflect the fixed exchange rate on date of receipt of proceeds and is not subsequently revalued.*

[2] *All in rate reflects coupon on bonds plus any cost of swap into sterling which currently only applies to July 2020 Hybrid.*

Further details on each hybrid bond can be found in Note 13 to the Interim Financial Statements and a table noting the amounts, timing and accounting treatment of coupon payments is shown below:

Hybrid coupon payments	2023/24		2022/23	
	HYe	FYe	HYa	FYa
Total equity (cash) accounted	£73m	£73m	£39m	£39m
Total debt (accrual) accounted	-	-	£21m	£21m
Total hybrid coupon	**£73m**	**£73m**	**£60m**	**£60m**

SSE's July 2020 and April 2022 hybrid bonds are perpetual instruments and are therefore accounted for as part of equity within the Interim Financial Statements but, consistent with previous years, have been included within SSE's 'Adjusted net debt and hybrid capital' to aid comparability.

The coupon payments relating to the equity accounted hybrid bonds are presented as distributions to other equity holders and are reflected within adjusted earnings per share when paid. The March 2017 hybrid bonds – which were called and settled in April 2022 – had a fixed redemption date and were therefore debt accounted with coupon payments treated as finance costs under IFRS 9 "Financial Instruments".

MANAGING NET FINANCE INCOME / (COSTS)

SSE's adjusted net finance costs – which included interest on debt accounted hybrid bonds but not equity accounted hybrid bonds – were £128.0m in the half year ended 30 September 2023, compared to £156.6m in the previous period. The lower level of finance costs from period to period mainly reflects the refinancing of debt accounted hybrid bonds with equity accounted hybrid capital in April 2022, combined with slightly higher capitalised interest costs reflecting increasing construction activity.

Reported net finance costs were (£29.0m) compared to a reported net finance income of £124.1m in the previous period, mainly reflecting a £202.7m decrease in the movement on financing derivatives as previously referenced, combined with an £18.7m increase in joint venture interest and tax.

SUMMARISING CASH AND CASH EQUIVALENTS

At 30 September 2023, SSE's adjusted net debt included cash and cash equivalents of £0.9bn, which is the same level as the £0.9bn at March 2023.

The cash collateral position has decreased from £316.3m of cash provided as collateral at 31 March 2023 to £140.6m of cash provided at 30 September 2023. Cash collateral is only required for forward commodity contracts traded through commodity exchanges, and generally comprises an 'initial margin' element based on the size and period of the trade and a 'variation margin' element which will change from day to day depending on the fair value of that trade each day. The level of cash collateral either provided or received therefore depends on the volume of trading through the exchanges, the periods being traded and the associated price volatility. As collateral is only required on a portion of trades, the movement in collateral provided or received will not correlate to the IFRS 9 fair value movement recognised, which also only covers a portion of the total Group trading activity. The decrease in cash collateral reflects the lower forward power and gas price environment, alongside reduced-price volatility in those markets.

REVOLVING CREDIT FACILITY / SHORT-TERM FUNDING

SSE has £3.5bn of committed bank facilities in place to ensure the Group has sufficient liquidity to allow day-to-day operations and investment programmes to continue in the event of disruption to Capital Markets preventing SSE from issuing new debt for a period of time. These facilities are set out in the table below.

Date	Issuer	Debt type	Term	Value
Mar 19	SSE plc	Syndicated Revolving Credit Facility with 10 Relationship Banks	2026	£1.3bn
Oct 19	SSE plc	Revolving Credit Facility with Bank of China	2026	£200m
Nov 22	SHET plc	Syndicated Revolving Credit Facility with 11 Relationship Banks	2026	£750m
Nov 22	SHEPD plc and SEPD plc	Syndicated Revolving Credit Facility with 11 Relationship Banks	2026	£250m
Feb 23	SSE plc	Syndicated Revolving Credit Facility with 10 Relationship Banks	2024	£1.0bn

Ahead of the 25% non-controlling interest stake disposal, SSEN Transmission entered a three-year £750m facility, including two one-year optional extensions with the first year's option exercised in September 2023. This facility was entered into to help cover the future long-term funding requirements and the working capital of this business as it looks to become financially independent of the Group. A £250m facility on the same terms has been entered into by SSEN Distribution. These facilities support the ongoing capital expenditure investment programmes that are required to deliver their ambitious future growth plans and will be drawn on a regular basis.

The £1bn facility signed in February 2023 was executed to cover potential cash collateral requirements required to cover commodity positions on exchanges or via credit support annexes on bilateral contracts.

The facilities can also be utilised to cover short-term funding requirements; however, the majority remain undrawn for most of the time and at 30 September 2023, £220m was drawn on the £750m Scottish Hydro Electric Transmission plc facility.

The two SSE plc facilities totalling £1.5bn that mature in 2026 are classified as sustainable facilities with interest rate and fees paid dependant on SSE's performance in environmental, social and governance matters, as assessed independently by Moody's ESG Solutions. The new £750m Transmission facility is also classified as a sustainable facility with interest rate and fees paid dependant on four ESG-related KPI's being achieved.

In addition to the above, a $300m private placement shelf facility exists with NY Life which can be drawn in approximately two equal tranches 12 months apart over the next three years. At 30 September 2023, no drawings have been made on this facility.

In addition to these committed bank facilities, the Group has access to a £15m overdraft facility.

MAINTAINING A PRUDENT TREASURY POLICY

SSE's treasury policy is designed to be prudent and flexible. In line with that, cash from operations is first used to finance regulatory and maintenance capital expenditure and then dividend payments, with investment and capital expenditure for growth generally financed by a combination of cash from operations, bank borrowings and bond issuance.

As a matter of policy, a minimum of 50% of SSE's debt is subject to fixed rates of interest. Within this policy framework, SSE borrows as required on different interest bases, with financial instruments being used to achieve the desired out-turn interest rate profile. At 30 September 2023, 91% of SSE's borrowings were at fixed rates.

Borrowings are mainly in Sterling and Euros to reflect the underlying currency denomination of assets and cash flows within SSE. All other foreign currency borrowings are swapped back into either Sterling or Euros.

Transactional foreign exchange risk arises in respect of procurement contracts, fuel and carbon purchasing, commodity hedging and energy portfolio management operations, and long-term service agreements for plant.

SSE's policy is to hedge any material transactional foreign exchange risks using forward currency purchases and/or financial instruments. Translational foreign exchange risk arises in respect of overseas investments; hedging in respect of such exposures is determined as appropriate to the circumstances on a case-by-case basis.

ENSURING A STRONG DEBT STRUCTURE THROUGH MEDIUM- AND LONG-TERM BORROWINGS

The ability to raise funds at competitive rates is fundamental to investment. SSE's fundraising over the past five years, including senior bonds, hybrid capital and term loans, now totals £9.5bn and SSE's objective is to maintain a reasonable range of debt maturities.

Its average debt maturity, excluding hybrid securities, at 30 September 2023 was 6.4 years, consistent with the position at 31 March 2023. This position reflects the £0.7bn of new long-term debt issued in the last six months, which has been entirely offset by maturing long term debt.

SSE's average cost of debt is now 4.02%, compared to 3.92% at 31 March 2023. The increase relates to rates moving higher during the year predominately on short term funding partially offset by higher floating rate fixings on fixed rate swaps.

GOING CONCERN

The Directors consider that the Group has adequate resources to continue in operational existence for the period to 31 December 2024. The interim financial statements are therefore prepared on a going concern basis.

In reaching their conclusion, the Directors regularly review the Group's funding structure (see note 12) against the current economic climate to ensure that the Group has the short and long term funding required. The

Group has performed detailed going concern testing, including the consideration of cash flow forecasts under stressed scenarios for the period to December 2024.

The Group has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 30 September 2023 there was £903m commercial paper outstanding (31 March 2023: £919m). In the six months ended 30 September 2023, the Group has issued new debt instruments totalling £650m and has redeemed £204m of maturing debt in the period. The Group also continues to have access to its £3.5bn of revolving credit facilities. As at 30 September 2023 there were £220m of drawings against these committed facilities being less than 6% utilisation. The details of the five committed facilities at 30 September 2023 are:

- a £1.3bn revolving credit facility for SSE plc maturing March 2026;
- a £0.2bn bilateral facility for SSE plc maturing October 2026;
- a £0.75bn facility for Scottish Hydro Electric Transmission plc maturing November 2026;
- a £0.25bn facility for Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc maturing November 2026; and
- a £1.0bn committed facility for SSE plc maturing February 2024.

The £1.3bn revolving credit facility and £0.2bn bilateral facility are both in place to provide back-up to the commercial paper programme and support the Group's capital expenditure plans. The Transmission and Distribution related facilities, both of which have 1 year extension options at the borrower's discretion, were entered into to help cover the capital expenditure and working capital of those businesses. The £1bn committed facility at SSE plc has a 1 year extension option at the lender's discretion and was entered into to provide cover for potential cash collateral requirements, if periods of extreme volatility return to the commodity markets. The only facility that was drawn at 30 September 2023 was the £750m Transmission facility, with £220m drawn to cover capital expenditure requirements.

OPERATING A SCRIP DIVIDEND SCHEME

SSE's Scrip Dividend Scheme was last renewed for a three-year period at the 2021 AGM and continues to be offered to all shareholders. For the period out to 2026/27, take-up from the Scrip Dividend Scheme will be capped at 25%. SSE plans to implement this cap by means of a share repurchase programme, or 'buyback', in October each year following payment of the final dividend. The scale of any share repurchase program would be determined by shareholder subscription to Scrip Dividend Scheme across the full year, taking into account the interim and final dividend elections.

Following approval of the dividend at the Annual General Meeting on 20 July 2023, and receipt of the final dividend scrip elections on 24 August 2023, the overall scrip dividend take-up for the financial year was less than the 25% threshold and therefore no buy-back to limit scrip dilution was required.

SSE believes limiting the dilutive effect of the Scrip in this way strikes the right balance in terms of giving shareholders choice, potentially securing cash dividend payment savings and managing the number of additional shares issued.

SSE'S PRINCIPAL JOINT VENTURES AND ASSOCIATES

SSE's financial results include contributions from equity interests in joint ventures ("JVs") and associates, all of which are equity accounted. The details of the most significant of these are included in the table below. This table also highlights SSE's share of off-balance sheet debt associated with its equity interests in JVs which totals around £3.4bn as at 30 September 2023.

SSE principal JVs and associates[1]	Asset type	SSE holding	SSE share of external debt as at 30 Sep 2023	SSE Shareholder loans as at 30 Sep 2023
Marchwood Power Ltd	920MW CCGT	50%	No external debt	£19m
Seabank Power Ltd	1,234MW CCGT	50%	No external debt	No loans outstanding
SSE Slough Multifuel Ltd	50MW energy-from-waste facility	50%	No external debt	£144m
Triton Power Holdings Ltd	1,200MW CCGT & 140MW OCGT	50%	No external debt	No loans outstanding
Beatrice Offshore Windfarm Ltd	588MW offshore wind farm	40%	£648m	Project financed
Dogger Bank A Wind Farm	1,200MW offshore wind farm	40%	£900m	Project financed
Dogger Bank B Wind Farm	1,200MW offshore wind farm	40%	£728m	Project financed
Dogger Bank C Wind Farm	1,200MW offshore wind farm	40%	£454m	Project financed
Ossian Offshore Windfarm Ltd	ScotWind seabed	40%	No external debt	No loans outstanding
Seagreen Wind Energy Ltd	1,075MW offshore wind farm	49%	£670m	£868m[2]
Seagreen 1a Ltd	Offshore wind farm extension	49%	No external debt	£18m
Clyde Windfarm (Scotland) Ltd	522MW onshore wind farm	50.1%	No external debt	£127m
Dunmaglass Windfarm Ltd	94MW onshore windfarm	50.1%	No external debt	£46m
Stronelairg Windfarm Ltd	228MW onshore wind farm	50.1%	No external debt	£88m
Neos Networks Ltd	Private telecoms network	50%	No external debt	£103m

Notes:
[1] Greater Gabbard, a 504MW offshore windfarm and North Falls Offshore Wind Farm Ltd (a further 504MW extension to Greater Gabbard, SSE share 50%) are proportionally consolidated and reported as Joint Operations with no loans outstanding.
[2] For accounting purposes, £257m of the £868m of SSE Shareholder loans advanced to Seagreen Wind Energy Limited as at 30 September 2023 have been classified as equity.

TAXATION

SSE considers being a responsible taxpayer a core element of being a responsible member of society. SSE seeks to pay the right amount of tax on its profits, in the right place, at the right time, and was the first FTSE 100 company to have been awarded the Fair Tax Mark.

While SSE has an obligation to its customers and shareholders to manage its total tax liability efficiently, it does not seek to use the tax system in a way it does not consider it was meant to operate, or use "tax havens" to reduce its tax liabilities.

SSE understands it also has an obligation to the society in which it operates, and from which it benefits - for example, tax receipts are vital for the public services SSE relies upon. Therefore, SSE's tax policy is always to operate within both the letter and spirit of the law.

For reasons already stated above, SSE's focus is on adjusted profit before tax, and in line with that, SSE believes that the adjusted current tax charge on that profit is the tax measure that best reflects underlying performance. SSE's adjusted current tax rate for the period to 30 September 2023, based on adjusted profit before tax, is 15.6%, as compared with 12.6% for the same period last year on the same basis, and after discrete items. The increase in rate is largely driven by an increase to the headline rate of tax from 19% to 25% and higher expected profit before tax across the full year, less increased capital allowances.

The adoption during the period of the amendments to IAS 12 “Income Taxes” resulted in an increase of £50.1m (2022: £22.8m, March 2023: £45.5m) to the Group’s gross deferred tax assets and gross deferred tax liabilities recognised in relation to the Group’s decommissioning obligations. Adoption had no impact on retained earnings or profits recognised in presented periods.

On 23 March 2023, the Group’s case concerning the availability of capital allowances on Glendoe Hydro Electric Station was heard at the Supreme Court. On 17 May 2023, the Supreme Court released its decision, which rejected HMRC's appeal in full. The matter is now concluded and is not subject to further appeal. Accordingly, the financial statements to 31 March 2023 reflected the release of the Group’s provision on its uncertain tax position of £27.9m and the associated recognition of £23.4m deferred tax liabilities in relation to Glendoe’s capital allowances.

The UK Budget in March 2023 introduced "full expensing" for qualifying capital expenditure incurred during the period from 1 April 2023 to 31 March 2026. Capital allowances rates of 100% and 50% replace the existing rates of 18% and 6% respectively for qualifying capital expenditure in that period, significantly increasing the amount of capital allowances available on the Group's capital investment programme.

The UK has now introduced legislation in respect of Multinational Top-up Tax in line with OECD BEPS pillar 2 principles. 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 legislation will come into force for the year ended 31 March 2025. Similar draft legislation has been introduced in the Republic of Ireland and other EU jurisdictions. The Group is assessing the impact of the changes but does not expect a material impact to arise.

PENSIONS

Contributing to employees' pension schemes – IAS 19	Sept 23	March 23	Sept 22
Net pension scheme asset / (liability) recognised in the balance sheet before deferred tax £m	**411.0**	**541.1**	**648.5**
Employer cash contributions Scottish Hydro Electric scheme £m	0.5	1.0	0.5
Employer cash contributions Southern Electric scheme £m	15.2	52.1	26.8
Deficit repair contribution included above £m	9.1	38.0	18.8

In the 6 months to 30 September 2023, the surplus across SSE's two pension schemes decreased by £(130.1)m, from £541.1m to £411.0m, primarily due to actuarial losses of £(149.8)m which were partially offset by contributions made to the schemes.

The valuation of the **SSE Southern scheme** decreased by £87.7m in the six month period primarily due to actuarial losses of £102.1m, as losses on plan assets were partially offset by the impact of higher discount rates.

The **Scottish Hydro Electric scheme** has partly insured against volatility in its deferred and pensioner members through the purchase of 'buy-in' contracts meaning that the Group only retains exposure to volatility in active employees. During the period the scheme's surplus decreased by £42.4m. This decrease also mainly related to actuarial losses from plan assets, which were partially offset by the increased discount rates.

Additional information on employee pension schemes can be found in Note 16 to the Interim Financial Statements.

BUSINESS OPERATING REVIEW

SSE’s strategy of sustainably developing, building, operating and investing in the electricity infrastructure and businesses needed in the transition to net zero is delivered through a focused mix of market-based and economically-regulated energy businesses.

SSE’s businesses are highly complementary with significant growth potential given their key role in enabling a net zero economy. With common skills and capabilities in the development, construction, financing and operation of highly technical and world-class electricity assets, there are strong synergies between them. SSE’s business mix is very deliberate, highly effective, fully focused and well set to prosper on the journey to net zero, whilst contributing to energy security and affordability.

The review of the Business Units that follows provides details of performance and future priorities.

ECONOMICALLY-REGULATED NETWORKS

SSE’s regulated electricity networks businesses benefit from inflation-linked remuneration under the RIIO (Revenue = Incentives + Innovation + Outputs) framework set by Ofgem. The regulator determines an annual allowed level of required capital expenditure and operating costs to meet required network outputs. These are added together to form total expenditure or ‘totex’, which is split by defined capitalisation rates which differ between networks.

Regulatory operational expenditure (‘fast money’) flows into revenue, whereas regulatory capex (‘slow money’) is added to the regulatory asset value (‘RAV’) for each network. Both SSEN Transmission and SSEN Distribution earn a return on regulatory equity and receive an allowance for the cost of debt, both of which are calculated based on a notional split of their RAV. Under the RIIO T2 and ED2 regulatory mechanisms, revenues and RAV for both businesses are CPIH index-linked, providing a valuable hedge against rising inflation.

Each business can earn above its base return on equity through delivering efficiency totex savings that flow through to customer bills. If service levels improve against targets, there is also an opportunity to earn additional income through incentives. If service levels fall below targets set out in the price control, a penalty is incurred which reduces network revenue and therefore customer bills. In addition, RIIO-2 Uncertainty Mechanisms provide opportunities for each business to progress projects not included within their original business plans, or to recover supplementary costs which were not anticipated when the baseline expenditure was agreed.

SSEN Transmission, is paid by the Electricity System Operator based on a forecast of allowed revenue amount set three months in advance of the regulatory year. Revenue varies depending on collected actual versus forecast volumes transported and over- or under-recovered volumes are accommodated in allowed revenue in the following regulatory year.

In SSEN Distribution, charges per MWh (‘tariffs’) are set by licensees 15 months in advance of the regulatory year and based on forecasts of: (a) revenue which licensees are entitled to collect in respect of the regulatory year (‘allowed revenue’); (b) the incentives and totex outperformance for the last three months of the year in which the tariffs are set; and (c) the level of volumes which will be distributed within the regulatory year. Differences in collected versus allowed revenue (referred to as ‘over- or under-recovery’) are accommodated in allowed revenue two years after the year in which they occur.

SSEN TRANSMISSION

SSEN Transmission	Sep 23	Sep 22
Transmission adjusted operating profit[1] - £m	215.6	208.4
Transmission reported operating profit - £m	287.3	208.4
Transmission adjusted investment and capital expenditure - £m	242.6	270.9
Gross Regulated Asset Value (RAV) - £m	5,289	4,590
SSE Share Regulated Asset Value (RAV) [1] - £m	3,967	4,590
Renewable Capacity connected to SSEN Transmission Network[2] – MW	9,217	7,870

[1] *Excludes 25% non-controlling interest from 1 December 2022*
[2] *September 2023 includes full Seagreen Transmission Entry Capacity*

SSEN TRANSMISSION OVERVIEW

SSEN Transmission owns, operates and develops the high voltage electricity transmission system in the North of Scotland and its islands. The business is well placed to capture the significant long-term growth opportunities from the development of renewables across the North of Scotland and the North Sea. Following a minority stake sale completed on 30 November 2022, the business is owned 75% by SSE plc and 25% by Ontario Teachers' Pension Plan Board. All capex and RAV references in this update relate to 100% of the business unless otherwise stated.

OPERATIONAL DELIVERY

In the six months to 30 September 2023, SSEN Transmission delivered a strong operational performance and remains on track to achieve the maximum reward available through the 'Energy Not Supplied Incentive' for the fourth consecutive year, which equates to £770k pa in 18/19 prices. This consistency is underpinned by a robust and ongoing programme of inspection, maintenance, refurbishment and replacement of SSEN Transmission's assets, keeping the lights on for communities across the North of Scotland and ensuring reliable network access for electricity generators to support security of supply in Great Britain.

SSEN Transmission's capital investment programme continues to make good progress across its major RIIO-T2 projects. This includes the second phase of the Inveraray-Crossaig overhead line replacement project, which was successfully energised in June 2023. As well as maintaining and enhancing network reliability to the communities it serves, the Inveraray-Crossaig project will also enable the growth in renewable electricity generation across the region as part of the wider Argyll and Kintyre 275kV Strategy.

The Shetland High Voltage Direct Current (HVDC) link also continues to make excellent progress with all 260km of subsea cable now installed. Cable protection works continue, with rock placement expected to be completed in early 2024. The project remains on track for completion and full energisation in summer 2024.

Following the Scottish Government granting consent for the Kergord to Gremista 132kV Section 37 connection in May 2023, work is now underway on this project which will connect Shetland's electricity distribution network to the Shetland HVDC link and therefore connecting Shetland's homes and business to the GB electricity network for the first time.

Good progress continues to be made to increase the capacity of the North East Scotland transmission network to 400kV, where the first circuits were completed and energised in October 2023, with the final circuits on track for completion and energisation before the end of 2023. Work to incrementally increase the east coast transmission network – to 275kV by the end of 2023 and then to 400kV by 2026 – are also progressing.

These strategic investments in new and upgraded infrastructure are key to enabling the continued growth in renewable electricity generation across the North of Scotland.

As at 30 September 2023, the total installed capacity of the North of Scotland transmission network was around 10.5GW, of which just over 9.2GW is from renewable sources.

Factoring in the forecast growth in renewables in the remaining years of the RIIO-T2 period, SSEN Transmission remains well on track to meeting, if not exceeding, its goal to transport the renewable electricity that powers 10m homes.

For financial performance commentary please refer to the Group Financial Review.

GROWTH OPPORTUNITIES IN RIIO-T2

Uncertainty Mechanism Projects

The business has made significant progress in unlocking several major investments over and above its baseline investment case secured at the start of RIIO-T2. Some of these additional projects are being taken forward through Ofgem's Large Onshore Transmission Investment (LOTI) Uncertainty Mechanism and have been in development for several years. These will make a substantial contribution to delivering a pathway to net zero, help support GB energy security, and minimise constraint costs.

Large Onshore Transmission Investment ('LOTI') Projects

The LOTI projects are all wholly owned by SSEN Transmission:

Project Name	Asset Type
Skye	Overhead Line & substations
Argyll	Overhead Line & substations
Orkney	HVDC Subsea cable & land-based convertor stations

SSEN Transmission is owned 75% SSE Plc, 25% OTPP (Ontario Teachers Pension Plan) from 1 December 2022

In July 2023, Ofgem approved the Final Needs Case for the Orkney transmission link, the final piece in the jigsaw in connecting all three of Scotland's main island groups to the GB electricity network. The Orkney transmission link will accommodate around 220MW of renewable electricity generation, helping further unlock Orkney's vast renewable potential alongside supporting the continued development and growth of Orkney's marine energy sector. Main construction works are due to commence in summer 2024, with full energisation expected in 2028.

In August 2023, Ofgem also approved the Final Needs Case for the Skye reinforcement project, which will see the replacement and upgrade of the existing Fort Augustus to Skye transmission line. The replacement line is required to maintain security of supply and enable the connection of renewable electricity generation along its route. A decision on the Section 37 planning application is expected in early 2024 with construction works due to commence in 2024, with full energisation in 2028.

In October 2023, Ofgem approved the Final Needs Case for the Argyll and Kintyre 275kV Reinforcement, subject to all material planning consents being secured. The Argyll 275kV Reinforcement is required to upgrade the local transmission network from 132kV to 275kV operation, supporting the forecast growth in renewables in the region.

With all substation planning consents now secured, SSEN Transmission awaits the outcome of the Inveraray to Creagh Dhubh 275kV connection Section 37 planning application and the Public Local Inquiry for the Creag Dhubh to Dalmally 275kV connection, both of which are expected in 2024. Construction is planned to commence in 2024, with full energisation in 2028.

FURTHER GROWTH OPPORTUNITIES

Accelerated Strategic Transmission Investment ('ASTI') Projects

The SSEN Transmission ASTI projects identified as part of the Holistic Network Design (HND1) include several subsea cables, overhead line and substation installations and upgrades to support the connection of offshore wind and onshore electricity generation. Based on latest estimates, SSEN Transmission's share of all ASTI projects are collectively expected to total around £17bn of capital expenditure on a nominal basis (excluding capitalised interest).

The ASTI Projects are wholly owned by SSEN Transmission, with the exception of EGL2 and EGL3, which are Joint Ventures with National Grid:

Project Name	Asset Type
Beauly – Spittal	Overhead Line & substations
Beauly – Peterhead	Overhead Line & substations
Beauly – Denny upgrade	Overhead Line & substations
Kintore – Westfield	Overhead Line & substations
Western Isle Link	HVDC Subsea cable & land-based convertor stations
Spittal – Peterhead	HVDC Subsea cable & land-based convertor stations
Peterhead – Drax (EGL2)	HVDC Subsea cable & land-based convertor stations
Peterhead – Humber (ELG3)	HVDC Subsea cable & land-based convertor stations

SSEN Transmission is owned 75% SSE Plc, 25% OTPP (Ontario Teachers Pension Plan) from 1 December 2022

Securing the Supply Chain and Planning Consents for ASTI Investment

Supply chain management will be crucial in delivering these growth opportunities and importantly, the business has secured the supply chain for its 100% owned ASTI projects and the Eastern Green Link (EGL2) joint venture with National Grid Electricity Transmission.

In May 2023, Marine Scotland granted a Marine Licence for cable protection measures for the EGL2 project, which will see the installation of a 2GW subsea superhighway of electricity transmission between Peterhead in the north east of Scotland and Drax in Yorkshire. The project has also reached preferred bidder status and entered into Capacity Reservation Agreements with the supply chain for both the HVDC cable and convertor station components. With the onshore works for EGL2 now underway in Peterhead, the project remains on track for completion in 2029.

Also in May 2023, SSEN Transmission reached 'preferred bidder' status with its supply chain partners for its ASTI subsea HVDC projects, Spittal to Peterhead and the Western Isles. In August 2023, it then entered into Capacity Reservation Agreements for the HVDC cable and converter stations, securing supply chain manufacturing capacity in what is an extremely competitive and constrained global supply chain market.

In August 2023, SSEN Transmission reached 'preferred bidder' status for all of its onshore ASTI projects, a key milestone in securing the supply chain for the delivery of all overhead line, cabling and substation components.

Work to progress the Eastern Green Link 3 project, another joint venture with NGET, is also progressing, with the supply chain tender expected before the end of 2023.

SSEN Transmission has also concluded its first round of public consultation across its 100% owned onshore and subsea ASTI projects. Further consultation is planned in early 2024, with a final round of public consultation expected next summer in advance of submitting consent applications to the relevant consenting authorities.

Subject to timely and positive planning decisions and the successful conclusion of supply chain contract awards for delivery of these projects, SSEN Transmission is committed to 2030 delivery of these projects.

Other Growth Projects

Further investment beyond the Pathway to 2030 will be required to unlock the North of Scotland's full renewable potential and to deliver energy security and net zero targets. This includes the Scottish Government's target for an additional 12GW of onshore wind by 2030.

These additional onshore and offshore network reinforcements are expected to be set out by National Grid Electricity System Operator through the publication of the second transitional Centralised Strategic Network Plan (tCSNP) in early 2024. This will include the Holistic Network Design Follow Up Exercise (HNDFUE) and is expected to include several new transmission reinforcements in SSEN Transmission's network region.

These further potential growth and investment opportunities, alongside UK and Scottish Government energy targets and ambitions, underline the importance of the Transmission network, particularly in the North of Scotland, in delivering energy security and transitioning the GB energy system to net zero.

In October 2023, Ofgem published its decision on the Future System and Network Regulation (FSNR) framework, an important first step in the next price control review process. SSEN Transmission will work constructively with Ofgem and wider stakeholders through the development of the Sector Specific Methodology to ensure the future regulatory framework provides the flexibility and agility required to deliver the unprecedented level of investment in infrastructure necessary to secure the country's future energy independence and fully decarbonise our economy.

Given the scale of investment required to deliver net zero, it is crucial that the policy landscape and regulatory framework, particularly financial parameters, continue to attract the investment required to support delivery of the most ambitious investment plan in low carbon infrastructure for a generation.

SSEN DISTRIBUTION

SSEN Distribution	Sep 23	Sep 22
Distribution adjusted and reported operating profit - £m	120.1	174.6
Regulated Asset Value (RAV) - £m	5,138	4,525
Distribution adjusted investment and capital expenditure - £m	245.5	175.8
Electricity Distributed – TWh	16.7	16.7
Customer minutes lost (SHEPD) average per customer	28	27
Customer minutes lost (SEPD) average per customer	27	24
Customer interruptions (SHEPD) per 100 customers	25	30
Customer interruptions (SEPD) per 100 customers	26	23

SSEN DISTRIBUTION OVERVIEW

SSEN Distribution, operating under licence as Scottish Hydro Electric Power Distribution plc (SHEPD) and Southern Electric Power Distribution plc (SEPD), is responsible for safely and reliably maintaining the electricity distribution networks supplying homes and businesses across central southern England and the North of Scotland. SSEN Distribution's networks cover the greatest land mass of any of the UK's Distribution Network Operators with over 75,000km² of extremely diverse terrain. The business has significant growth opportunities as a key enabler of the local and national transition to a net zero future.

OPERATIONAL DELIVERY

On 1 April 2023, SSEN Distribution started operating under the new RIIO-ED2 price control period, in accordance with Ofgem's December 2022 Final Determination. The price control, which will run until March 2028, will see Distribution deliver £3.6bn of baseline expenditure, representing an increase of 22% on respective ED1 levels, alongside the opportunity to trigger up to £700m in additional funding under Uncertainty Mechanisms. This will include investment to meet new generation and demand growth and improve subsea cable resilience for the Scottish Islands.

SSEN Distribution is working closely with the regulator and other stakeholders to ensure that the price control has the agility and flexibility required to deliver infrastructure in line with net zero requirements. This is aided by a three-point strategy centred on growing the RAV and underpinning the net zero transition; enabling targeted improvements in customer performance and operational efficiency; and taking the lead on delivering the future energy system.

Major capital investment to underpin net zero transition

The start of the new price control period has seen an acceleration of SSEN Distribution's major capital investment programme across both its networks, delivering continued improvements in performance, benefits for customers and supporting future earnings growth.

In the SEPD licence area, the completion of a new RIIO-ED2 contracting strategy will enable the efficient delivery of the investment required for future net zero growth and increased asset resilience. With an investment envelope of over £1bn, representing 25% of ED2 plan volume, this is the largest programme of contract awards ever issued by SSEN Distribution. Three UK companies, Keltbray, OCU and Clancy will share over £1bn in investment, with each firm being responsible for a regional delivery zone. This new approach will reduce supply chain risk and is expected to deliver material efficiency benefits compared to a disaggregated programme.

Improving customer performance and operational efficiency

Under the RIIO regulatory regime, SSEN Distribution is incentivised to improve service levels for its customers. Incentive rewards will typically be collected two years after they are earned. In RIIO-ED2 the ability to secure higher incentive returns has been tightened in comparison to previous price controls.

Under the Interruptions Incentive Scheme (IIS), SSEN Distribution is incentivised on its performance against the loss of electricity supply through the recording of Customer Interruptions (CI) and Customer Minutes Lost (CML), which includes both planned and unplanned supply interruptions.

SHEPD CI performance has improved compared to the same point last year. The CML performance is broadly in line with performance for the first six months of 2022/23. In SEPD, very hot and dry conditions followed by very wet and windy weather over the summer of 2023 significantly impacted network performance whilst not qualifying as exceptional under IIS provisions. This has led to a three-point decrease on CI and CML performance from the same period last year. We are investing in automation across both our networks, and work continues on a targeted change and investment programme to improve performance in the SEPD licence area.

SSEN Distribution's Customer Satisfaction performance remains a clear focus for the business, increasing to an average of 89% compared to 88% at this point last year. While significantly tougher targets will apply in the RIIO-ED2 period, our performance trend compares favourably to the rest of the industry, where customer satisfaction is improving at seven times the rate of the industry average as a direct result of customer service improvements across the business.

A programme to deliver ongoing efficiencies across the new price control has commenced.

For financial performance commentary please refer to the Group Financial Review.

GROWTH OPPORTUNITIES

SSEN Distribution’s RIIO-ED2 Business Plan, which was co-created with stakeholders, is a core component of SSE Group’s NZAP+ plan. In addition to the total base expenditure of £3.6bn, there are further investment opportunities of up to £700m over the period through Uncertainty Mechanisms and reopeners.

In the six months to 31 September 2023, SSEN Distribution has already successfully triggered its first uncertainty mechanism with Ofgem approving over £30m in additional funding for cyber security following a submission in April 2023. A further submission has been made in the October 2023 reopener window.

SSEN Distribution continues to work proactively with its stakeholders and the regulator to prepare robust, evidence-based submissions for a range of uncertainty mechanisms due to trigger in the second half of the financial year.

Looking further ahead to load-related uncertainty mechanisms which will open for submissions in January 2025, SSEN Distribution is leading the way in taking a ‘Net Zero First’ approach to investment in distribution infrastructure to meet future generation and demand needs.

Leading on the delivery of the future system

SSEN Distribution is seeing a significant rise in the uptake of low-carbon technologies across its licence areas, both at a demand and generation level and, in many cases, beyond both national and regional projections. For example, SSEN Distribution’s current pipeline of distributed generation projects, at 23.8 GW, is already double the 10.9 GW that was forecast to come forward by 2030. Demand connections are also rising, with a three-fold increase in the number of electric vehicles connecting in the last two years.

This increased growth in low carbon development is welcome and SSEN Distribution is committed to ensuring its network acts as an enabler to net zero goals. This includes playing a leading role in collaborating with transmission companies, the Electricity System Operator and other Distribution Network Operators to modernise the connections system to facilitate more connection-ready projects and reduce the impact of first-come, first served queuing. As an early test case, the adoption of new thresholds and phased connections in West London, allowed 80% of small demand connections to progress behind wider transmission constraints.

SSEN Distribution’s Net Zero First investment approach will enable strategic investment to go ahead now to meet 2035 and 2045/2050 goals. In that context, SSEN Distribution also continues to increase and develop its relationships with Local Authorities, with advanced Local Area Energy Planning (LAEP) programmes under way with 15 authorities. To extend this reach and further support LAEP development, SSEN Distribution recently launched a free Local Energy Net Zero Accelerator (LENZA) tool which links network and spatial planning, allowing local authorities to road test solutions against available capacity and SSEN to secure the robust evidence for regulatory funding of future network investment.

On a practical level, SSEN Distribution is also increasing tendering of flexibility services in areas where localised high demand can be offset to extend overall network capacity. In the first six months of 2023/24, SSEN contracted 259MW of flexibility services for dispatch in ED2, and a global flexibility call launched between now and March 2024 will drive further progress towards target of 5GW by end of RIIO-ED2.

SSE RENEWABLES

SSE Renewables	Sep 23	Sep 22
Renewables adjusted operating profit - £m	86.8	15.0
Renewables reported operating (loss) - £m	(23.7)	(36.8)
Renewables adjusted investment and capital expenditure before acquisitions – £m	447.1	477.8
Generation capacity - MW		
Onshore wind capacity (GB) – MW	1,285	1,285
Onshore wind capacity (NI) – MW	117	122
Onshore wind capacity (ROI) – MW	567	567
Total onshore wind capacity – MW	**1,969**	**1,974**
Offshore wind capacity (GB) – MW	1,014	487
Conventional hydro capacity (GB) – MW	1,159	1,159
Pumped storage capacity (GB) – MW	300	300
Total renewable generation capacity (inc. pumped storage) – MW	**4,442**	**3,920**
Contracted capacity	3,015	2,792
Generation output - GWh		
Onshore wind output (GB) – GWh	788	1,207
Onshore wind output (NI) – GWh	98	112
Onshore wind output (ROI) – GWh	532	509
Total onshore wind output – GWh	**1,418**	**1,828**
Offshore wind output (GB) – GWh	944	558
Conventional hydro output (GB) – GWh	884	1,020
Pumped storage output (GB) – GWh	144	113
Total renewable generation (inc. pumped storage) – GWh	3,390	3,519
Total renewable generation (also inc. constrained off in GB) – GWh	**3,723**	**3,725**

Note 1: Capacity and output based on 100% of wholly owned sites and share of joint ventures
Note 2: Contracted capacity includes sites with a CfD, eligible for ROCs, or contracted under REFIT
Note 3: Onshore wind output in GB excludes 272GWh of constrained off generation in HY2023/24 and 134GWh in HY2022/23; Offshore wind output in GB excludes 62GWh constrained off generation in HY2023/24 and 72GWh in HY2022/23
Note 4: Biomass capacity of 15MW and output of 37GWh in HY2023/24 and 30GWh HY2022/23 is excluded, with the associated operating profit or loss reported within SSE Enterprise
Note 5: Offshore capacity increased by 527MW with all turbines having been installed at Seagreen offshore windfarm by the period end and the windfarm fully operational on 17 October 2023
Note 6: Onshore NI reduced by 5MW in the period following the sale of Bessy Bell I in July 2022

SSE RENEWABLES OVERVIEW

SSE Renewables develops and generates zero carbon electricity at scale from wind farms and provides clean flexible power from its hydro schemes. The business comprises existing operational assets and those under development in onshore wind, offshore wind, flexible hydro electricity, run-of-river hydro electricity, pumped storage, as well as grid-scale solar and battery storage. The business' operational offshore wind installed capacity is 1,014MW with its onshore wind and hydroelectric installed capacity at 1,969MW and 1,459MW respectively.

OPERATIONAL DELIVERY

In the first six months of the financial year, operational onshore and offshore wind fleet availability remained high whilst the Hydro Operations teams managed an intensive period of summer maintenance outages, the majority of which were delivered to plan. The early summer saw prolonged low wind speeds, particularly in the first quarter of the financial year, in addition to a delayed commissioning profile at the now fully-operational Seagreen project. This leaves onshore wind 14% behind and offshore wind 23% behind planned volume levels for the six month period.

In hydro, production is around 22% below plan for the first six months. This reflects a very dry summer with extreme droughts in the far northwest of Scotland earlier in the period, partially offset by well above average rain in September. These wet conditions enabled an above average storage position at the period end and continued into October, providing a strong start to hydro production in the second half of the financial year.

Collectively, this leaves the business 19% below planned output for the first six months, which equates to around 7% behind on the full year planned level of output.

For financial performance commentary please refer to the Group Financial Review.

DELIVERING WORLD-CLASS ASSETS

Seagreen 1 (1,075MW, SSE share 49%) formally entered into commercial operations in October 2023 with all 114 Vestas V164-10.0 MW turbines now fully operational. Seagreen is now Scotland's largest wind farm as well as the world's deepest fixed-bottom offshore wind farm, with its deepest foundation installed at 58.7 metres below sea level.

All three phases of the world's largest offshore wind farm at Dogger Bank (each 1,200MW, SSE share 40%) continue to progress. First power was achieved at Dogger Bank A on 8 October 2023 with power transmitted via Dogger Bank's HVDC transmission system, making it the first project in the UK to use this technology which ensures that losses are minimised in the efficient transmission of electricity over long distances. This also represents the first time that GE's Haliade-X 13MW turbine units have been energised offshore anywhere in the world.

The Dogger Bank A foundation installation campaign continues. All 95 monopiles have been installed and foundation transition pieces have been installed in 56 of the locations. The inter-array cable installation is also well underway with 34 cables installed to date. SSE Renewables is leading the construction and build out phase of the project together with Tier 1 suppliers, including GE Vernova. The project is working towards its commercial operations date for Dogger Bank A of the second half of 2024.

Onshore, construction is progressing well on Viking (443MW) in Shetland with all turbines erected in August 2023, ahead of schedule. Turbine commissioning is well underway, with the first power made to a load bank in September. Viking is expected to be fully operational by the second half of 2024.

SSE Renewables is also adding portfolio diversity through the progression of its secured 1.2GW pipeline of near-term solar and battery projects across the UK and Ireland. Battery storage is a key part of the net zero jigsaw providing flexibility to the grid and helping to manage peaks in energy demand.

All the battery units have been delivered to the 50MW Salisbury site, which will be the first battery project in SSE's portfolio to go operational when it comes online in early 2024. Construction continues at the 150MW battery storage project at Ferrybridge, with completion expected at the end of 2024.

Construction will begin in earnest at the 30MW solar project at Littleton by the end of this year and it is also due to become operational later in 2024.

In November, SSE Renewables took a final investment decision to build one of the UK's largest battery storage sites – a 320MW project at Monk Fryston in Yorkshire – with construction expected to start in early 2024.

In hydro, SSE Renewables is making good progress with the Tummel Bridge power station refurbishment project with the final components for the second turbine delivered at the end of September. Aqueduct works are also progressing well, remaining aligned with the power station replant works and completion of the project is expected in early 2024.

In Ireland, construction is progressing on Lenalea onshore wind farm (30MW, SSE share 50%) and, having reached full power on 31 October 2023, it is scheduled to be fully operational towards the end of November.

Construction is ongoing at Yellow River (101MW) and is on track to be completed by Summer 2024 with commissioning expected in early 2025. Yellow River secured a CfD under RESS 3 for all of the site's planned installed capacity. The contract is due to commence shortly after commissioning.

SSE's first onshore wind project in France, the c. 28MW Chaintrix project, is now in construction. The project, which is also the first to be constructed from the Southern Europe development portfolio acquired in 2022, will see the installation of eight Siemens Gamesa SG 3.4-132 turbines and is targeting commissioning at the end of 2024.

GROWTH OPPORTUNITIES – DOMESTIC

SSE Renewables' core markets of the UK and Ireland continue to offer considerable growth opportunities for the Group.

In September 2023, SSE Renewables was the biggest winner in the UK Government's fifth Contracts for Difference (CfD) Allocation Round. Strathy South, Aberarder, and Bhlaraidh Extension onshore wind farm projects in the Scottish Highlands, and the Viking Wind Farm project, currently under construction, secured CfDs for a total of 605MW at a guaranteed strike price of £52.29/MWh, based on 2012 prices but annually indexed for CPI inflation. The Aberarder, Bhlaraidh Extension, and Strathy South projects are each at late-stage of development, having previously been granted planning consents by the Scottish Government, and will be targeting final investment decisions in 2024. As previously announced, SSE Renewables did not enter Seagreen 1A offshore wind farm into the auction. It will continue to seek a route to market to progress this project.

Located in the North Sea, in the outer Firth of Forth, Berwick Bank Wind Farm has the potential to deliver 4.1GW of installed capacity, making it one of the largest offshore opportunities in the world. The project is currently awaiting consent for the offshore array from the Scottish Government which is expected in 2024. The first grid connection date is scheduled for 2027 and, subject to taking a final investment decision, the full project could be complete in time to contribute to our 2032 NZAP+ ambitions.

SSE Renewables is actively developing a fourth phase of Dogger Bank wind farm, Dogger Bank D (up to 2GW, SSE share 50%). The project is considering different opportunities to utilise the energy that would be produced: Dogger Bank D could provide electricity for homes and businesses by linking to the transmission system, either via a connection into the UK national grid or a connection offshore to a wider coordinated network to Europe; or producing green hydrogen. The project's progression remains subject to agreement with The Crown Estate which in early November set out its intention to establish an assessment process to unlock additional capacity in the UK offshore wind portfolio in an efficient way, with the aim of seeking a determination of additional capacity within 12 months, subject to regulated planning processes.

Exploratory tunnelling at Coire Glas pumped hydro storage project (c. 1,300MW) is over halfway complete, with the tunnel now measuring over 500m deep. SSE Renewables awaits the expected announcement from the UK Government regarding a revenue stabilisation mechanism for long duration electricity storage which could enable Coire Glas to play a significant role in the UK Government's 2035 target for a decarbonised power system.

In Ireland, the business remains committed to delivering Arklow Bank Wind Park 2 (up to 800MW), despite being unsuccessful in Ireland's first Offshore Renewable Energy Support Scheme (ORESS) auction in May 2023. It will proceed to submit a planning application in early 2024 to Ireland's planning board, An Bord Pleanála, and will continue to demonstrate discipline whilst it considers alternative routes to market.

The Irish Government has confirmed a target of 5GW of offshore wind by 2030, 20GW by 2040 and 32GW by 2050. The next Offshore auction (ORESS 2.1) is expected to take place in the in the second half 2024 in line with 'plan-led' designated zones identified by the Government. A third auction (ORESS 2.2) is likely to take place following the conclusion of ORESS 2.1.

GROWTH OPPORTUNITIES – INTERNATIONAL

Europe

SSE Renewables is progressing its Southern Europe development portfolio with over 150MW of projects aiming for a final investment decision in the next twelve months.

SSE Renewables sees solar photovoltaics ('solar PV') as a complementary technology to sit alongside wind in its European markets' portfolio with significant growth potential over the coming decades. In addition to the co-located and standalone solar PV opportunities being developed by the Southern Europe team, SSE

Renewables has acquired circa 500MW of early-stage solar PV projects in Poland to be progressed under a Developer Services Agreement with local developer, Optisol. Poland has ambitious renewables targets required to deliver deeper decarbonisation of its economy.

SSE Renewables also remains focused on selective offshore wind opportunities in Northern Europe. In the Netherlands, it continues to work on the upcoming Ijmuiden Ver zone tenders (2 x 2GW), with bids now expected in Q1 2024. The group will continue to assess its potential participation in a number of upcoming offshore leasing rounds across selected markets in Northern Europe, where it believes those opportunities offer attractive returns.

Asia-Pacific
SSE Renewables is continuing to pursue offshore wind opportunities in Japan through its joint venture SSE Pacifico (80% stake). The Japanese Government has announced future promising zones which is a step towards designation for future auction rounds. The government also continues to develop its plans related to potential future floating wind projects in its Exclusive Economic Zone (beyond 12 nautical miles from shore).

Project	Location	Technology	Capacity (MW)	SSE Share (MW)
In construction				
Dogger Bank A	GB	Offshore wind	1,200	480
Dogger Bank B	GB	Offshore wind	1,200	480
Dogger Bank C	GB	Offshore wind	1,200	480
Viking	GB	Onshore wind	443	443
Yellow River	Ireland	Onshore wind	101	101
Lenalea	Ireland	Onshore wind	30	15
Chaintrix	France	Onshore wind	28	28
Littleton	GB	Solar	30	30
Salisbury	GB	Battery	50	50
Ferrybridge	GB	Battery	150	150
Monk Fryston	GB	Battery	320	320
Total in construction				**2.6GW**
Late-stage development				
Seagreen 1A	GB	Offshore wind	500	245
Strathy South	GB	Onshore wind	208	208
Aberarder	GB	Onshore wind	50	50
Bhlaraidh Extension	GB	Onshore wind	99	99
Other GB & Ireland	GB & Ire.	Onshore wind	117	87
Spanish projects	Spain	Onshore wind[1]	319	319
France, Italy and Greece	Various	Onshore wind[1]	100	100
Coire Glas	GB	Pumped storage	1,300	1,300
ByPass	GB	Solar	50	50
Fiddler's Ferry	GB	Battery	150	150
Tawnaghmore	GB	Battery	100	100
Total late-stage development				**2.7GW**
Early-stage development				
Berwick Bank	GB	Offshore wind	4,100	4,100
Ossian	GB	Offshore wind	3,600	1,440
Arklow Bank 2	Ireland	Offshore wind	800	800
North Falls	GB	Offshore wind	504	252
Cloiche	GB	Onshore wind	125	125
Other GB & Ireland	GB & Ire.	Onshore wind	-	319

Spanish projects	Spain	Onshore wind[1]	636	636
France, Italy and Greece	Various	Onshore wind[1]	1,247	1,247
Staythorpe	GB	Battery	350	350
Total early-stage development				**9.3GW**
TOTAL SECURED PIPELINE				**14.5GW**
Other Future prospects				
Dogger Bank D[2]	GB	Offshore wind	~2,000	~1,000
Ireland	Ireland	Offshore wind	~3,000	~3,000
Japanese projects	Japan	Offshore wind	~6,000	~4,800
Other GB	GB	Onshore wind	-	~450
Other Ireland	Ire	Onshore wind	-	~200
Spanish projects	Spain	Onshore wind[1]	~1,750	~1,750
France, Italy and Greece	Various	Onshore wind[1]	~450	~450
Other GB Hydro	GB	Hydro	75	75
Other GB Solar	GB	Solar	~400	~400
Poland Solar	Poland	Solar	~500	~500
Other Battery	GB	Battery	~900	~900
Total future prospects				**>13GW**

Notes: All capacities are subject to change as projects refined. Table reflects ownership and development status as at May 2023. Late-stage is consented in GB and grid or land security elsewhere, early-stage has land rights in GB and some security over planning or land elsewhere. Future prospects are named sites where non-exclusive development activity is under way. Additional solar and battery storage projects reflects Solar and Battery team now forming part of SSE Renewables.
Note 1: Includes solar hybridisation. Note 2: Current grid connection offer for 1,320MW (SSE share 660MW) with potential capacity up to ~2,000MW.

SSE THERMAL

SSE THERMAL KEY PERFORMANCE INDICATORS

SSE Thermal	Sep 23	Sep 22
Thermal adjusted operating profit - £m	312.9	100.4
Thermal reported operating profit - £m	234.6	342.7
Thermal adjusted investment and capital expenditure, before acquisitions – £m	38.2	89.2
Generation capacity - MW		
Gas- and oil-fired generation capacity (GB) – MW	5,538	4,645
Gas- and oil-fired generation capacity (ROI) – MW	672	1,292
Total thermal generation capacity – MW	**6,210**	**5,937**
Generation output - GWh		
Gas- and oil-fired output (GB) – GWh	6,099	8,715
Gas- and oil-fired output (ROI) – GWh	921	443
Total thermal generation – GWh	**7,020**	**9,158**

Note 1: Capacity is wholly owned and share of joint ventures, and reflects Transmission Entry Capacity
Note 2: Output is based on SSE 100% share of wholly owned sites and 100% share of Marchwood PPAs due to the contractual arrangement.
Note 3: Keadby 2 CCGT commissioned 15 March 2023 and is reflected in September 2023 GB capacity, GB output in six months to September 2022 excluding 651GWh of Keadby 2 pre-commissioning output.
Note 4: ROI capacity in September 2023 reflects closure of the Tarbert oil-fired station.

SSE THERMAL OVERVIEW

SSE Thermal owns and operates conventional flexible thermal generation in GB and Ireland which provide much-needed system flexibility. SSE Thermal is actively developing options to progressively decarbonise its portfolio, most notably in carbon capture and storage and hydrogen technologies, with sustainable biofuels as a bridge to hydrogen.

OPERATIONAL DELIVERY

The Thermal fleet continues to use its inherent flexibility to sell output to the market and contract ahead of delivery, capturing value through forward spark spreads, while optimising in response to market conditions. The first half of the year saw lower spark spreads and volatility in GB than 2022/23, despite low wind periods, as a result of increased interconnector imports. This, combined with planned and unplanned outages across the summer, has resulted in comparably lower output for the year to date.

Managing availability responsibly continues to be a key focus for SSE Thermal. A programme of outages across the summer is an important part of a robust asset management approach. This has included planned outages at Keadby 1, Keadby 2 and Peterhead ahead of the winter.

Keadby 2, which entered commercial operation in March 2023, includes a first-of-a-kind turbine which means it is Europe's most efficient CCGT, displacing older more carbon intensive plant on the system. A planned outage is underway at Keadby 2, with all major works having been completed and the asset entering the recommissioning stage. Keadby 2's 15-year Capacity Market agreement commenced in October 2023, with all milestones to secure this agreement having been completed.

In Ireland, Great Island has seen increased output year-on-year, demonstrating the ongoing need for dispatchable plant in that constrained market. Following the announcement in March 2023 that Tarbert oil-fired power station would close by the end of December 2023, in line with requirements under the Industrial Emissions Directive, its final capacity contracts expired at the end of September 2023.

To underline the importance of asset management for a flexible fleet, in April 2023, SSE Thermal secured ISO 55001 certification for Peterhead and its two gas storage facilities in the Humber. This is an international asset management standard which underlines the approach we take to ensure effective management of asset availability across the lifecycle of our portfolio. Work is now underway to secure the certification for the remaining operational sites within the SSE Thermal portfolio, all of which already hold ISO 45001 (health and safety) and ISO 14001 (environment) certification.

For financial performance commentary please refer to the Group Financial Review.

SSE THERMAL CAPACITY CONTRACT AWARDS

The following agreements have been awarded through competitive auctions:

Station	Asset type	Station Capacity	SSE share of contract	Capacity obligation
Medway (GB)	CCGT	735MW	100%	To September 2027
Keadby (GB)	CCGT	755MW	100%	To September 2027
Keadby 2 (GB)	CCGT	893MW	100%	16 years commencing October 2022
Peterhead (GB)	CCGT	1,180MW	100%	To September 2027
Seabank (GB)	CCGT	1,234MW	50%	To September 2027
Marchwood (GB)	CCGT	920MW	100%	To September 2027
Saltend (GB)	CCGT	1,200MW	50%	To September 2027
Indian Queens (GB)	OCGT	140MW	50%	To September 2027
Slough Multifuel (GB)	Energy from Waste	50MW	50%	15 years commencing October 2024
Burghfield (GB)	OCGT	45MW	100%	To September 2027
Chickerell (GB)	OCGT	45MW	100%	To September 2027
Great Island (Ire)	CCGT	464MW	100%	To September 2028*
Rhode (Ire)	Gas/oil peaker	104MW	100%	To September 2028*
Tawnaghmore (Ire)	Gas/oil peaker	104MW	100%	To September 2028*
Tarbert (Ire)	Biofuel	300MW	100%	10 years commencing October 2026
Platin (Ire)	Biofuel	150MW	100%	10 years commencing October 2026

Capacity contracts are based on de-rating factors issued by the delivery body for each contract year, therefore will not directly match SSE's published station capacity which reflect Transmission Entry Capacity.
Marchwood (SSE equity share 50%) tolling arrangement means SSE receives 100% of economic benefit from capacity contract
Keadby 1 has capacity obligation in 2023/24, 2025/26 and 2026/27 but none in 2024/25.
Medway has capacity obligation in 2023/24and 2026/27 but none in 2024/25 and 2025/26.
Keadby 2 16 year obligation comprised of a T-1 and a 15 year contract.
The Tarbert oil-fired station previously reported was closed in September 2023.
**2027/28 Irish capacity contracts reflect provisional results which are subject to approval.*

CONSTRUCTION PROGRAMME

Construction activity continues on Slough Multifuel – a 50:50 Joint Venture with Copenhagen Infrastructure Partners – and remains on track to complete in summer 2024.

At the request of the Irish authorities, construction activity has commenced to deliver a Temporary Emergency Generation unit at Tarbert. Following legislation and a site selection process undertaken by EirGrid, approved by the Commission for the Regulation of Utilities, the Tarbert site was selected to host 150MW of generation capacity, to run on distillate oil. It will operate as an emergency plant with a maximum running time of 500 hours per annum. Under the Irish Government's emergency generation legislation, this capacity is to cease operations as soon as the temporary electricity emergency has been addressed, and no later than March 2028. The unit would only be utilised when it is clear that market-sourced generation will not be sufficient to meet system needs.

GROWTH OPPORTUNITIES

Developing decarbonised alternatives to the existing CCGT fleet will be vital to deliver SSE's goal to cut carbon intensity by 80% by 2030 and achieve its science-based carbon reduction targets, aligned with a 1.5°C global warming scenario.

In GB, SSE Thermal is developing projects that include carbon capture and storage (CCS) and hydrogen; technologies that will be critical to the transition to net zero, enabling enhanced renewables deployment by balancing the system. CCS and hydrogen remain at the heart of the UK Government's plans.

The UK Government has identified a need for up to 10GW of power CCS capacity by 2035 to meet Carbon Budget Six requirements. To facilitate the delivery of further CCS projects, Acorn in Scotland and Viking in the Humber have been confirmed as Track 2 clusters for the deployment of shared CCS infrastructure. Proposals have also been shared with industry for additional emitter projects to access the already identified Track 1 clusters in north-east and north-west England. There are opportunities for Keadby 3 Carbon Capture Power Station to access CO2 storage through either Track 1 or Track 2 clusters, and Peterhead Carbon Capture Power Station remains well-placed to access CO2 storage through Acorn, with both being developed jointly with Equinor and seeking to participate in future allocation processes for a Dispatchable Power Agreement. Next steps on cluster sequencing are expected later in 2023 and FEED work is continuing for both projects.

In Ireland, SSE Thermal is advancing projects using sustainable biofuel as a lower carbon alternative to fossil-fuels and as a bridge to hydrogen. Since securing 10-year Capacity Market agreements for two new low-carbon power stations to commence in 2026/27 delivery year, work is underway to secure planning consents for Tarbert Next Generation Power Station and Platin Power Station.

A planning application for the Tarbert project is expected to be submitted later in 2023, with a planning application lodged with Meath County Council in August 2023 for Platin Power Station.

The proposed low-carbon units at Tarbert in Co. Kerry and Platin in Co. Meath would help to protect security of supply and provide flexible backup to Ireland's growing renewables sector. The proposed units will initially run on Hydrotreated Vegetable Oil (HVO), which is produced by processing waste oils to create a fossil-free alternative to diesel in accordance with EU sustainability standards. This would provide a bridge to a hydrogen future with both units having the potential to convert to the fuel. As with Aldbrough Hydrogen Pathfinder in the UK, these projects reflect the expected role peaking generation will play in the system.

Recognising the centrality of low carbon hydrogen to the SSE Thermal strategy, a hydrogen centre of excellence has been established within SSE Thermal to consolidate expertise and provide a service to other SSE business units with an interest in hydrogen. Aldbrough Hydrogen Pathfinder and Gordonbush Hydrogen have both progressed to the next stage of the UK Government's Net Zero Hydrogen Fund, which can provide capital and revenue support for electrolytic, or green, hydrogen production projects. SSE is also exploring other options to develop electrolytic hydrogen production at its existing sites, including Ferrybridge and Peterhead, in addition to assessing partnership options for alternative production of hydrogen.

This sits alongside the UK Government's support for CCS-enabled, or blue, hydrogen production projects through the development of industrial clusters. Both green and blue hydrogen are expected to play an important role in the development of a UK hydrogen economy, including future hydrogen-fired power generation as set out in the Climate Change Committee's report on delivering a reliable and decarbonised power system.

SSE is continuing to develop options for hydrogen blending into Keadby 2, with pre-FEED activity under way. Option assessment and scoping activity for a further 100% hydrogen-fired CCGT at Keadby also continues. The Triton Power portfolio, a joint venture with Equinor, adds to this hydrogen pipeline, with plans to blend up to 30% low carbon hydrogen.

GAS STORAGE

Gas Storage	Sep 23	Sep 22
Gas Storage adjusted operating (loss) / profit - £m	(86.7)	147.8
Gas Storage reported operating (loss) / profit - £m	(91.3)	544.8
Gas storage adjusted investment and capital expenditure - £m	0.2	6.5
Gas storage level at period end – mTh	109	151
Gas storage level at period end – %	58	90

GAS STORAGE OVERVIEW

SSE Thermal holds around 40% of the UK's conventional underground gas storage capacity. These assets support stability and security of gas supply and can potentially be converted to hydrogen storage for a net zero future.

OPERATIONAL DELIVERY

SSE Gas Storage continues to respond to market needs, optimising assets to help ensure security of gas supply for the UK whilst providing important liquidity to the market. These assets are an important risk management tool to the Group's generation portfolio by offering short-notice flexibility to mitigate exposures from wind speeds and demand variability.

The patterns of operation, withdrawing gas when the system needs and injecting gas when the market incentivises it, give rise to seasonal variations in financial performance depending on the market dynamics.

In Aldbrough, after successfully returning to service ahead of winter 2022/23, Caverns 6 and 9 have continued to perform well, providing valuable additional capacity and deliverability to the UK system. And with the equivalent of two caverns being added over the past three years at Atwick, work to optimise maximum and minimum operation pressures also continues.

In April 2023 SSE Gas Storage secured ISO 55001 certification, an international asset management standard, for Atwick and Aldbrough facilities.

For financial performance commentary please refer to the Group Financial Review.

GROWTH OPPORTUNITIES

Underlining the clear societal value these assets provide, the UK Government's Powering Up Britain Energy Security Plan, published in March, highlighted that gas storage had operated successfully over the winter helping to meet demand caused by cold weather spells. The UK Government will consider the future role that storage can play in the longer term, considering the need to align with future plans for hydrogen and CO2 storage with an update expected from UK Government on this in due course. SSE Thermal remains committed to working with UK Government departments and Ofgem to ensure the critical role of UK storage is properly valued, and low-carbon options can be delivered in tandem.

The UK Government has published its minded-to position on the design of a business model to support investments in nationally strategic assets such as Aldbrough Hydrogen Storage. The minded-to position proposes a revenue floor to mitigate demand risk for storage providers, with geological storage, such as salt caverns, being the initial focus of support. The UK Government is aiming to deliver Hydrogen Storage Business Model support by 2025.

ENERGY CUSTOMER SOLUTIONS

ENERGY CUSTOMER SOLUTIONS OVERVIEW

SSE Business Energy in Great Britain (non-domestic) and SSE Airtricity on the island of Ireland (domestic and non-domestic) provide a shopfront and route to market for SSE's generation, renewable green products and low-carbon energy solutions. Across Great Britain and the island of Ireland, the primary focus during the first six months of the financial year has been on supporting customers, managing external market volatility, modernising systems and expanding the green energy product offering to enable customers to reduce their energy consumption.

SSE BUSINESS ENERGY

GB BUSINESS ENERGY KEY PERFORMANCE INDICATORS

GB Business Energy	Sep 23	Sep 22
Business Energy adjusted and reported operating profit/(loss) - £m	88.0	(59.4)
Electricity Sold – GWh	5,203	5,806
Gas Sold – mtherms	60.8	65.2
Aged Debt (60 days past due) - £m	230.3	127.3
Bad debt expense - £m	59.1	47.4
Bad debt provision - £m		
Energy customers' accounts – m	0.41	0.46

OPERATIONAL DELIVERY

In the first half, Business Energy continued to prioritise the roll out of smart meters that give valuable consumption trends and enables customers to better manage their overall demand. It also saw increased demand for Corporate Power Purchase Agreements that provide access to SSE's renewable resources.

As customers continued to deal with the cost-of-living crisis, the business supported the roll out of government support schemes providing alternate payment and contract options for customers. In addition, it also announced a £15m customer support fund in September 2023, targeting support towards approximately 20,000 customers on fixed long-term contracts who were worst affected by peak market volatility. Under the support scheme, 8,000 businesses with registered charitable status are expected to receive a £500 credit to their bills.

Business Energy also signed up to National Grid ESO's Demand Flexibility Service (DFS) for Winter 23/24 on a trial basis. The trial includes specific cohorts of SSE smart metered customers, facilitating greater efficiency in the management of energy on the grid.

SSE AIRTRICITY

SSE AIRTRICITY KEY PERFORMANCE INDICATORS

SSE Airtricity	Sep 23	Sep 22
Airtricity adjusted operating profit - £m	5.8	14.9
Airtricity reported operating profit - £m	5.3	14.8
Aged Debt (60 days past due) - £m	19.8	9.7
Bad debt expense - £m	5.4	1.8
Airtricity Electricity Sold – GWh	3,110	2,693
Airtricity Gas Sold – mtherms	67.0	68.8
All Ireland energy market customers (Ire) – m	0.74	0.73

OPERATIONAL DELIVERY

The business delivered new products including launching its premium microgen tariff, with joint venture partners Active8 solar energies. This is a first-to-market innovation that directly links solar installation to an exclusive export rate thereby incentivising decarbonisation. The business also installed its 500th EV charger in Northern Ireland.

In keeping with its commitment to supporting customers through the cost-of-living crisis SSE Airtricity announced tariff reductions in September 2023 for domestic customers in the Republic of Ireland, in addition to reductions for household electricity customers in Northern Ireland. Its support fund continued to benefit households including giving free home energy upgrades as part of a programme that will eventually see 600 vulnerable households, including those completed in partnership with Bryson Charitable Group in Northern Ireland. The business was awarded Gold and Silver at the All-Island Sustainability Awards for its partnership with Dun-Laoghaire Rathdown County Council on the Beaufort home energy upgrade project. The business is also expanding its offering in business-to-business markets in both the Republic of Ireland and NI markets, as well as delivering 45,000 home retrofits under the ROI national retrofit programme.

SSE Airtricity was also recognised with the Social Responsibility Award at the annual Business & Finance ESG awards; and was named ‘Outstanding Company’ at the GALAS, Ireland’s LGBTQ+ awards programme for commitment to LGBTQ+ initiatives.

For additional financial performance commentary please refer to the Group Financial Review.

SSE ENTERPRISE

SSE ENTERPRISE KEY PERFORMANCE INDICATORS

SSE ENTERPRISE	Sep 23	Sep 22
SSE Enterprise adjusted and reported operating (loss)/profit - £m	(8.4)	0.6
SSE Heat Network Customer Accounts	11,493	11,799
Biomass, heat network and other capacity – MW	26	26
Biomass, heat network and other output - GWh	49	38

SSE ENTERPRISE OVERVIEW

SSE Enterprise (formerly known as Distributed Energy) brings low-carbon energy solutions to business-to-business markets – including major regional and partnership opportunities. With private wires, heat networks, behind-the-meter solar and battery, EV charging and competitive networks all part of the UK's net zero plans, it is well positioned for future growth.

OPERATIONAL DELIVERY

In addition to continuing to operate its heat networks and deliver electric, water and steam at Slough Trading Estate, SSE Enterprise initiated innovative behind-the-meter collaborations with Medway Council and Sky Studios at Elstree, introducing localised solutions to drive energy decarbonisation. These projects involve the implementation of advanced energy management systems, on-site renewable energy generation and energy storage solutions, all aimed at reducing carbon emissions and enhancing energy sustainability within these communities.

The business continued to advance its electric vehicle (EV) charging hub infrastructure with new facilities opened in Gapton Hall, Great Yarmouth, and Melksham, Wiltshire.

For financial performance commentary please refer to the Group Financial Review.

GROWTH OPPORTUNITIES

The decarbonisation of large-scale energy users such as ports and airports, as well as providing smart grid solutions to potential gigafactories offers a significant long-term growth opportunity for SSE Enterprise. Similarly, the decarbonisation of transport, and particularly, the strong demand for electric vehicle infrastructure will also underpin the build-out of its EV charging hubs with construction underway in Lough Sheever, in the Republic of Ireland, and Myrekirk and Kingsway in Dundee, Scotland.

The business is also pursuing opportunities to help regional authorities decarbonise and has signed a strategic partnership with the West Midlands Combined Authority. This will focus on executing green energy projects in the region, including the establishment of HGV EV refuelling hubs.

In heat networks, the business continues to prioritise deep geothermal, data centre, transformer, and 'Energy from Waste' heat sources and has secured government funding to help advance these efforts.

SSE ENERGY MARKETS

SSE ENERGY MARKETS KEY PERFORMANCE INDICATORS

SSE ENERGY MARKETS	Sep 23	Sep 22
SSE Energy Markets adjusted operating profit - £m	9.0	30.3
SSE Energy Markets reported operating profit/(loss) - £m	88.9	(1,958.0)

SSE ENERGY MARKETS OVERVIEW

Formerly known as Energy Portfolio Management, or EPM, Energy Markets trades commodities for SSE's market-based Business Units, securing value on behalf of SSE's asset portfolios in wholesale energy markets and managing volatility through risk managed trading of energy-related commodities for SSE's market-based Business Units.

SSE trades the principal commodities to which its asset portfolios are exposed, as well as the spreads between two or more commodity prices (e.g. spark spreads): power (baseload and other products); gas; and carbon (emissions allowances). Each commodity has different risk and liquidity characteristics, which impacts the quantum of hedging possible.

See also SSE's Hedging Position earlier in this document.

OPERATIONAL DELIVERY

Energy Markets continues to navigate energy market volatility, with a focus on short term trading decisions, on behalf of market-based business units.

As such, the value Energy Markets secured for SSE's asset portfolio continues to be reported against individual Business Units.

Over the last two years, Energy Markets has worked to establish a centre of excellence for electricity market related trading decisions. With the successful implementation of this approach, Energy Markets will be able to optimise the group's assets as one across all trading periods.

For financial performance commentary please refer to the Group Financial Review.

GROWTH OPPORTUNITIES

Alongside focusing on core delivery and developments in market modelling, assurance, data governance and analytics, European trading volumes continue to increase during the period. Additionally, in advance of SSE Renewables' first battery storage project coming online in 2024, a process has been developed to optimise batteries using Energy Markets' growing advanced data analytics function, adding further asset optimisation capability to the business.

ALTERNATIVE PERFORMANCE MEASURES

When assessing, discussing and measuring 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 period. They are primarily used by operational management to measure operating profit contribution and are also used by the Board to assess 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 period 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 ongoing investment in capital assets and projects against their investment cases, including the expected timing of their operational deployment and also to provide a measure of progress against the Group's strategic Net Zero Acceleration Programme Plus objectives.
- **Debt measures** allow management to record and monitor both operating cash generation and the Group's ongoing financing and liquidity position.

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)	**Profit measure**	**Operating profit**	• Movement on operating and joint venture operating derivatives ('certain re-measurements') • Exceptional items • Adjustments to retained Gas Production decommissioning provision • Share of joint ventures and associates' interest and tax • Depreciation and amortisation before exceptional charges (including depreciation and amortisation expense on fair value uplifts) • Share of joint venture and associates' depreciation and amortisation • Non-controlling share of operating profit • Non-controlling share of depreciation and amortisation • Release of deferred income
Adjusted Operating Profit	**Profit measure**	**Operating profit**	• Movement on operating and joint venture operating derivatives ('certain re-measurements') • Exceptional items • Adjustments to retained Gas Production decommissioning provision • Depreciation and amortisation expense on fair value uplifts • Share of joint ventures and associates' interest and tax • Non-controlling share of operating profit
Adjusted Profit Before Tax	**Profit measure**	**Profit before tax**	• Movement on operating and financing derivatives ('certain re-measurements') • Exceptional items • Adjustments to retained Gas Production decommissioning provision • Non-controlling share of profit before tax • Depreciation and amortisation expense on fair value uplifts • Interest on net pension assets/liabilities (IAS 19) • Share of joint ventures and associates' tax
Adjusted Net Finance Costs	**Profit measure**	**Net finance costs**	• Exceptional items • Movement on financing derivatives • Share of joint ventures and associates' interest • Non-controlling share of financing costs • Interest on net pension assets/liabilities (IAS 19)
Adjusted Current Tax Charge	**Profit measure**	**Tax charge**	• Share of joint ventures and associates' tax • Non-controlling share of current tax • Deferred tax including share of joint ventures, associates and non-controlling interests • Tax on exceptional items and certain re-measurements

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Earnings Per Share	**Profit measure**	**Earnings per share**	• Exceptional items • Adjustments to retained Gas Production decommissioning provision • Movements on operating and financing derivatives ('certain re-measurements') • Depreciation and amortisation expense on fair value uplifts • Interest on net pension assets/liabilities (IAS 19) • Deferred tax including share of joint ventures, associates and non-controlling interests

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 are contracts where the Group's SSE Energy Markets (formerly Energy Portfolio Management ('EPM')) function enters into forward commitments or options to buy or sell electricity, gas and other commodities to meet the future demand requirements of the Group's GB Business Energy and Airtricity operating units, or to optimise the value of the production from its SSE Renewables and Thermal generation assets or to conduct other trading subject to the value at risk limits set out by the Energy Markets Risk Committee. Certain of these contracts (predominately 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 reflected in the income statement (as part of 'certain re-measurements'). The Group shows the change in the fair value of these forward contracts separately as this mark-to-market movement is not relevant to the underlying performance of its operating segments due to the volatility that can arise on revaluation. The Group will recognise the underlying value of these contracts as the relevant commodity is delivered, which will predominantly be within the subsequent 12 to 24 months. Conversely, commodity contracts that are not financial instruments 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. 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 the Group's contracts for difference contracts 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'.

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 into by the Group to manage its banking and liquidity requirements as well as risk management relating to interest rate and foreign exchange exposures. Changes in the fair value of those financing derivatives are reflected in the income statement (as part of 'certain re-measurements'). The Group shows the change in the fair value of these forward contracts separately as this mark-to-market movement is not relevant to the underlying performance of its operating segments.

The re-measurements arising from operating and financing derivatives, and the tax effects thereof, are disclosed separately to aid understanding of the underlying performance of the Group.

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 2 (iii).

3 Adjustments to retained 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

This adjustment can be split between the Group's share of interest and the Group's share of tax arising from its investments in equity accounted joint ventures and associates. The Group is required to report profit before interest and tax ('operating profit') including its share of the profit after tax of its equity accounted joint ventures and associates. However, for internal performance management purposes and for consistency of treatment, SSE reports its adjusted operating profit measure before its share of the interest and/or tax on joint ventures and associates.

5 Share of joint ventures and associates' depreciation and amortisation

For management purposes, the Group considers 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, 'adjusted EBITDA' is further refined to remove the proportion of adjusted EBITDA from equity-accounted joint ventures relating to off-balance sheet debt. This metric is not calculated for 30 September period ends.

6 Depreciation and amortisation expense on fair value uplifts

The Group's strategy includes the realisation of value (developer gains) from divestments of stakes in SSE Renewables' offshore and international developments. In addition, for strategic purposes, the Group may also decide to bring in equity partners to other businesses and assets. Where SSE's interest in such vehicles changes from full to joint control, and the subsequent arrangement is classified as an equity accounted joint venture, SSE may recognise a fair value uplift on the remeasurement of its retained equity investment. Those non-cash accounting uplifts will be treated as exceptional gains in the period of the relevant transactions completing. Furthermore, SSE may acquire businesses or joint venture interests which are determined to generate an exceptional opening gain on acquisition and accordingly an accounting fair value uplift to the opening assets acquired. These uplifts create assets or adjustments to assets, which are depreciated or amortised over the remaining life of the underlying assets or contracts in those businesses with the charge being included in the Group's depreciation and amortisation expense. The Group's adjusted operating profit, adjusted profit before tax and adjusted Earnings Per Share are adjusted to exclude any additional depreciation, amortisation and impairment expense arising from fair value uplifts given these charges derived from significant one-off gains which are treated as exceptional when initially recognised.

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 is also deducted.

8 Interest on net pension assets/liabilities (IAS 19 "Employee Benefits")

The Group's net interest income relating to defined benefit pension schemes is derived from the net assets of the schemes as valued under IAS 19. This will mean that the credit or charge recognised in any given period will be dependent on the impact of actuarial assumptions such as inflation and discount rates. The Group excludes these from its adjusted profit measures due to the non-cash nature of these charges or credits.

9 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.

10 Results attributable to non-controlling interest holders

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group under IFRS. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022 (see note 11 for more details of that transaction). In the current period ended 30 September 2023 and the year ended 31 March 2023 the Group has removed the share of profit attributable to holders of non-controlling equity stakes in such businesses from the point when the ownership structure changed (i.e. for SSEN Transmission, with effect from 1 December 2022) from all of its profit measures, to report all metrics based on the share of profit items attributable to the ordinary equity holders of the Group. The adjustment has been applied consistently to all of the Group's adjusted profit measures, including removing proportionate non-controlling share of operating profit and depreciation and amortisation from the Group's adjusted EBITDA metric; removing the non-controlling share of operating profit from the Group's adjusted operating profit metric; removing the non-controlling share of net finance costs from the Group's adjusted net finance costs metric; and removing the non-controlling interest share of current tax from the Group's adjusted current tax metric. There is no impact to disclosures for 30 September 2022.

30 September 2023

Continuing operations (£m)	Reported	Movement on derivatives	Exceptional items	Adjustments to Gas Production decommissioning provision	Depreciation on FV uplifts	Joint venture interest and tax	Interest on net pension asset	Deferred tax	Share of profits attributable to non-controlling interests	Adjusted
Operating profit/(loss)	**602.3**	**(14.9)**	**113.7**	**(3.5)**	**9.4**	**57.4**	**-**	**-**	**(71.2)**	**693.2**
Net finance (costs)/income	**(29.0)**	**(41.0)**	**(0.2)**	**-**	**-**	**(47.8)**	**(12.8)**	**-**	**2.8**	**(128.0)**
Profit/(loss) before taxation	**573.3**	**(55.9)**	**113.5**	**(3.5)**	**9.4**	**9.6**	**(12.8)**	**-**	**(68.4)**	**565.2**
Taxation	**(140.0)**	**12.6**	**(3.2)**	**-**	**-**	**(9.6)**	**-**	**47.4**	**4.4**	**(88.4)**
Profit/(loss) after taxation	**433.3**	**(43.3)**	**110.3**	**(3.5)**	**9.4**	**-**	**(12.8)**	**47.4**	**(64.0)**	**476.8**
Attributable to other equity holders	**(124.3)**	**-**	**-**	**-**	**-**	**-**	**-**	**(12.8)**	**64.0**	**(73.1)**
Profit/(loss) attributable to ordinary shareholders	**309.0**	**(43.3)**	**110.3**	**(3.5)**	**9.4**	**-**	**(12.8)**	**34.6**	**-**	**403.7**
Number of shares for EPS	**1,090.4**									**1,090.4**
Earnings per share	**28.3**									**37.0**

ADJUSTED EBITDA

30 September 2023

Adjusted operating profit from continuing operations £m	Share of joint venture and associates' depreciation and amortisation £m	Release of deferred income £m	Depreciation on FV uplifts £m	Depreciation, impairment and amortisation before exceptional charges £m	Share of depreciation, impairment and amortisation before exceptional items attributable to non-controlling interests £m	Adjusted EBITDA £m
693.2	**104.3**	**(6.4)**	**(9.4)**	**343.6**	**(15.7)**	**1,109.6**

30 September 2022

Continuing operations (£m)	Reported	Movement on derivatives	Exceptional items	Adjustments to Gas Production decommissioning provision	Depreciation on FV uplifts	Joint venture interest and tax	Interest on net pension asset	Deferred tax	Adjusted
Operating (loss)/profit	(635.1)	1,792.4	(448.7)	(54.5)	9.4	52.5	-	-	716.0
Net finance income/(costs)	124.1	(243.7)	-	-	-	(29.1)	(7.9)	-	(156.6)
(Loss)/profit before taxation	(511.0)	1,548.7	(448.7)	(54.5)	9.4	23.4	(7.9)	-	559.4
Taxation	122.4	(275.4)	63.5	-	-	(23.4)	-	42.6	(70.3)
(Loss)/profit after taxation	(388.6)	1,273.3	(385.2)	(54.5)	9.4	-	(7.9)	42.6	489.1
Attributable to other equity holders	(38.8)	-	-	-	-	-	-	-	(38.8)
(Loss)/profit attributable to ordinary shareholders	(427.4)	1,273.3	(385.2)	(54.5)	9.4	-	(7.9)	42.6	450.3
Number of shares for EPS	1,077.2								1,077.2
(Losses)/earnings per share	(39.7)								41.8

ADJUSTED EBITDA

30 September 2022

Adjusted operating profit from continuing operations £m	Share of joint venture and associates' depreciation and amortisation £m	Release of deferred income £m	Depreciation on FV uplifts £m	Depreciation, impairment and amortisation before exceptional charges £m	Adjusted EBITDA £m
716.0	76.1	(7.7)	(9.4)	334.3	1,109.3

31 March 2023

Continuing operations (£m)	Reported	Movement on derivatives	Exceptional items	Adjustments to Gas Production decommissioning provision	Depreciation on FV uplifts	Joint venture interest and tax	Interest on net pension asset	Deferred tax	Share of profits attributable to non-controlling interests	Adjusted
Operating (loss)/profit	(146.3)	2,514.3	0.6	(50.5)	28.8	213.2	-	-	(30.9)	2,529.2
Net finance costs	(59.3)	(201.9)	(0.2)	-	-	(70.1)	(16.2)	-	2.1	(345.6)
(Loss)/profit before taxation	(205.6)	2,312.4	0.4	(50.5)	28.8	143.1	(16.2)	-	(28.8)	2,183.6
Taxation	110.0	(460.5)	34.1	-	-	(143.1)	-	99.6	1.1	(358.8)
(Loss)/profit after taxation	(95.6)	1,851.9	34.5	(50.5)	28.8	-	(16.2)	99.6	(27.7)	1,824.8
Attributable to other equity holders	(62.4)	-	-	-	-	-	-	(4.1)	27.7	(38.8)
(Loss)/profit attributable to ordinary shareholders	(158.0)	1,851.9	34.5	(50.5)	28.8	-	(16.2)	95.5	-	1,786.0
Number of shares for EPS	1,075.6									1,075.6
(Losses)/ earnings Per Share	(14.7)									166.0

ADJUSTED EBITDA

31 March 2023

Adjusted operating profit from continuing operations £m	Share of joint venture and associates' depreciation and amortisation £m	Release of deferred income £m	Depreciation on FV uplifts £m	Depreciation, impairment and amortisation before exceptional charges £m	Share of depreciation, impairment and amortisation before exceptional items attributable to non-controlling interests £m	Adjusted EBITDA £m
2,529.2	201.1	(13.9)	(28.8)	704.2	(9.7)	3,382.1

DEBT MEASURE

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Net Debt and Hybrid Capital	**Debt measure**	**Unadjusted net debt**	• Hybrid equity • Cash posted as collateral • Lease obligations • Non-controlling share of borrowings and cash

RATIONALE FOR ADJUSTMENTS TO DEBT MEASURE

11 Hybrid equity

The characteristics of certain hybrid capital securities mean they qualify for recognition as equity rather than debt under IFRS. Consequently, their coupon payments are presented within equity rather than within finance costs. As a result, the coupon payments are not included in SSE's adjusted profit before tax measure. In order 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.

12 Cash posted as collateral

Cash posted as collateral are SSE cash balances held by 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. Loans with a maturity of less than three months are also included in this adjustment. The Group includes this adjustment in order to better reflect the immediate cash resources to which it has access, which in turn better reflects the Group's funding position.

13 Lease obligations

SSE's reported loans and borrowings include lease liabilities on contracts within the scope of IFRS 16, which are not directly related to the external financing of the Group. The Group excludes these liabilities from its adjusted net debt and hybrid capital measure to better reflect the Group's underlying funding position with its primary sources of capital.

14 Debt and cash attributable to non-controlling interest holders

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group under IFRS. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022 (see note 11 for more details of that transaction). Following completion of the transaction, the Group has removed the share of external debt and cash in these subsidiaries proportionately attributable to the non-controlling interest holders from its adjusted net debt and hybrid capital metric. While legal entitlement to these items has not changed, the Group makes this adjustment to present net debt attributable to ordinary equity holders of the Group.

March 2023 £m		**September 2023 £m**	September 2022 £m
(8,168.1)	Unadjusted net debt	**(8,050.6)**	(9,076.4)
316.3	Cash posted as collateral	**140.6**	581.3
405.9	Lease obligations	**394.4**	388.9
434.2	External net debt attributable to non-controlling interests	**454.2**	-
(7,011.7)	**Adjusted Net Debt**	**(7,061.4)**	(8,106.2)
(1,882.4)	Hybrid equity	**(1,882.4)**	(1,882.4)
(8,894.1)	**Adjusted Net Debt and Hybrid Capital**	**(8,943.8)**	(9,988.6)

CAPITAL MEASURES

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Investment and Capital Expenditure	**Capex measure**	**Capital additions to intangible assets and property, plant and equipment**	• Customer funded additions • Allowances and certificates • Additions acquired through business combinations • Joint ventures and associates' additions funding • Non-controlling share of capital expenditure • Lease asset additions
Adjusted Investment, Capital and Acquisition Expenditure	**Capital measure**	**Capital additions to intangible assets and property, plant and equipment**	• Customer funded additions • Allowances and certificates • Additions acquired through business combinations • Joint ventures and associates' additions funding • Non-controlling share of capital expenditure • Lease asset additions • Acquisition cash consideration

RATIONALE FOR ADJUSTMENTS TO CAPEX MEASURES

15 Customer funded additions

Customer funded additions represents additions to electricity and other networks funded by customer contributions. Given these are directly funded by customers, these have been excluded to better reflect the Group's underlying investment position.

16 Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates (ROCs) and additions in the period are not included in the Group's 'capital expenditure and investment' APM to better reflect the Group's investment in enduring operational assets.

17 Additions acquired 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 are 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' metric, see 21 below. Please refer to note 11 for detail of the Group's acquisitions in the prior year.

18 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.

19 Non-controlling interest share of capital expenditure

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group under IFRS. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022 (see note 11 for more details of that transaction). In the current period and prior year, the Group has removed the share of capital additions attributable proportionately to these equity holders from the point when the ownership structure changed (i.e. for SSEN Transmission, with effect from 1 December 2022) from its "adjusted investment and capital expenditure" and "adjusted investment, capital and acquisition expenditure" metrics. This is consistent with the adjustments noted elsewhere related to these non-controlling interests. This has no impact on the prior period metrics for September 2022.

20 Lease 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 13, above.

21 Acquisition 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 metric 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 Net Zero Acceleration Programme Plus.

March 2023 £m		September 2023 £m	September 2022 £m
1,688.6	Capital additions to intangible assets	**381.0**	765.4
1,500.1	Capital additions to property, plant and equipment	**939.4**	667.2
3,188.7	**Capital additions to intangible assets and property, plant and equipment**	**1,320.4**	1,432.6
(80.9)	Customer funded additions	**(91.4)**	(54.0)
(805.2)	Allowances and certificates	**(163.3)**	(122.4)
(515.2)	Additions through business combinations	**-**	(488.7)
498.4	Joint ventures and associates' additions	**94.3**	363.1
(46.7)	Non-controlled interests share of capital expenditure	**(80.8)**	-
(78.5)	Lease asset additions	**(24.9)**	(27.4)
2,160.6	**Adjusted Investment and Capital Expenditure**	**1,054.3**	1,103.2
642.7	Acquisition cash consideration	**-**	640.0
2,803.3	**Adjusted Investment, Capital and Acquisition Expenditure**	**1,054.3**	1,743.2

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the period 1 April 2023 to 30 September 2023

	Note	**2023** Before exceptional items and certain re-measurements £m	**2023** Exceptional items and certain re-measurements (note 6) £m	**2023** Total £m	2022 Before exceptional items and certain re-measurements £m	2022 Exceptional items and certain re-measurements (note 6) £m	2022 Total £m
Continuing operations							
Revenue	5	**4,790.5**	**-**	**4,790.5**	5,629.4	-	5,629.4
Cost of sales		**(3,295.3)**	**(3.4)**	**(3,298.7)**	(4,333.7)	(1,792.4)	(6,126.1)
Gross profit/(loss)		**1,495.2**	**(3.4)**	**1,491.8**	1,295.7	(1,792.4)	(496.7)
Operating (costs)/income		**(734.2)**	**(113.7)**	**(847.9)**	(614.9)	218.9	(396.0)
Debt impairment charges		**(64.7)**	**-**	**(64.7)**	(49.6)	-	(49.6)
Other operating income		**16.3**	**-**	**16.3**	3.2	89.1	92.3
Operating profit/(loss) before joint ventures and associates		**712.6**	**(117.1)**	**595.5**	634.4	(1,484.4)	(850.0)
Joint ventures and associates:							
Share of operating profit		**45.9**	**-**	**45.9**	126.7	140.7	267.4
Share of interest		**(47.8)**	**-**	**(47.8)**	(29.1)	-	(29.1)
Share of movement in derivatives		**-**	**18.3**	**18.3**	-	-	-
Share of tax		**(5.0)**	**(4.6)**	**(9.6)**	(23.4)	-	(23.4)
Share of profit on joint ventures and associates		**(6.9)**	**13.7**	**6.8**	74.2	140.7	214.9
Operating profit/(loss) from continuing operations	5	**705.7**	**(103.4)**	**602.3**	708.6	(1,343.7)	(635.1)
Finance income	7	**103.6**	**41.2**	**144.8**	58.2	243.7	301.9
Finance costs	7	**(173.8)**	**-**	**(173.8)**	(177.8)	-	(177.8)
Profit/(loss) before taxation		**635.5**	**(62.2)**	**573.3**	589.0	(1,100.0)	(511.0)
Taxation	8	**(135.2)**	**(4.8)**	**(140.0)**	(89.5)	211.9	122.4
Profit/(loss) for the period from continuing operations		**500.3**	**(67.0)**	**433.3**	499.5	(888.1)	(388.6)
Discontinued operations							
Profit from discontinued operations, net of tax	6	**-**	**-**	**-**	-	35.0	35.0
Profit/(loss) for the period		**500.3**	**(67.0)**	**433.3**	499.5	(853.1)	(353.6)
Attributable to:							
Ordinary shareholders of the parent		**376.0**	**(67.0)**	**309.0**	460.7	(853.1)	(392.4)
Non-controlling interests		**51.2**	**-**	**51.2**	-	-	-
Other equity holders		**73.1**	**-**	**73.1**	38.8	-	38.8
Earnings/(losses) per share							
Basic (pence)	10			**28.3**			(36.4)
Diluted (pence)	10			**28.3**			(36.4)
Earnings/(losses) per share – continuing operations							
Basic (pence)	10			**28.3**			(39.7)
Diluted (pence)	10			**28.3**			(39.7)

The accompanying notes are an integral part of this interim statement.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2023

	Note	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements (note 6) £m	Total £m
Continuing operations				
Revenue	5	12,490.7	-	12,490.7
Cost of sales		(9,933.2)	(2,717.2)	(12,650.4)
Gross profit/(loss)		2,557.5	(2,717.2)	(159.7)
Operating costs		(1,431.6)	(230.4)	(1,662.0)
Debt impairment charges		(91.0)	-	(91.0)
Other operating income		1,015.0	89.1	1,104.1
Operating profit/(loss) before joint ventures and associates		2,049.9	(2,858.5)	(808.6)
Joint ventures and associates:				
Share of operating profit		531.9	140.7	672.6
Share of interest		(70.1)	-	(70.1)
Share of movement in derivatives		-	202.9	202.9
Share of tax		(104.0)	(39.1)	(143.1)
Share of profit on joint ventures and associates		357.8	304.5	662.3
Operating profit/(loss) from continuing operations	5	2,407.7	(2,554.0)	(146.3)
Finance income	7	135.3	202.1	337.4
Finance costs	7	(396.7)	-	(396.7)
Profit/(loss) before taxation		2,146.3	(2,351.9)	(205.6)
Taxation	8	(355.5)	465.5	110.0
Profit/(loss) for the year from continuing operations		1,790.8	(1,886.4)	(95.6)
Discontinued operations				
Profit from discontinued operations, net of tax	6	-	35.0	35.0
Profit/(loss) for the year		1,790.8	(1,851.4)	(60.6)
Attributable to:				
Ordinary shareholders of the parent		1,728.4	(1,851.4)	(123.0)
Non-controlling interests		23.6	-	23.6
Other equity holders		38.8	-	38.8
Losses per share				
Basic (pence)	10			(11.4)
Diluted (pence)	10			(11.4)
Losses per share – continuing operations				
Basic (pence)	10			(14.7)
Diluted (pence)	10			(14.7)

The accompanying notes are an integral part of this interim statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 April 2023 to 30 September 2023

Year ended 31 March 2023 £m		**Six months ended 30 September 2023 £m**	Six months ended 30 September 2022 £m
	Profit/(loss) for the period		
(95.6)	**Continuing operations**	**433.3**	(388.6)
35.0	**Discontinued operations**	**-**	35.0
(60.6)		**433.3**	(353.6)
	Other comprehensive income:		
	Items that will be reclassified subsequently to profit or loss:		
43.3	Net gains on cash flow hedges	**41.3**	147.9
(12.7)	Transferred to assets and liabilities on cash flow hedges	**1.9**	3.5
(8.1)	Taxation on cash flow hedges	**(10.2)**	(33.5)
22.5		**33.0**	117.9
342.4	Share of other comprehensive income of joint ventures and associates, net of taxation	**84.4**	508.2
72.5	Exchange difference on translation of foreign operations	**(27.1)**	72.5
(43.1)	Gain/(loss) on net investment hedge	**7.4**	(41.6)
394.3		**97.7**	657.0
	Items that will not be reclassified to profit or loss:		
(59.4)	Actuarial (loss)/gain on retirement benefit schemes, net of taxation	**(112.3)**	33.3
(0.4)	Losses on revaluation of investments in equity instruments, net of taxation	**-**	-
(59.8)		**(112.3)**	33.3
334.5	**Other comprehensive gain/(loss), net of taxation**	**(14.6)**	690.3
273.9	**Total comprehensive income for the period**	**418.7**	336.7
	Total comprehensive income for the period arises from:		
238.9	**Continuing operations**	**418.7**	301.7
	Discontinued operations		
35.0	Profit from discontinued operations	**-**	35.0
35.0	Total comprehensive income from discontinued operations	**-**	35.0
273.9	**Total comprehensive income for the period**	**418.7**	336.7
	Attributable to:		
206.4	Ordinary shareholders of the parent	**291.3**	289.9
28.7	Non-controlling interest	**54.3**	8.0
38.8	Other equity holders	**73.1**	38.8
273.9		**418.7**	336.7

The accompanying notes are an integral part of this interim statement.

CONSOLIDATED BALANCE SHEET

as at 30 September 2023

At 31 March 2023 (restated*) £m		Note	**At 30 September 2023 £m**	At 30 September 2022 (restated*) £m
	Assets			
15,395.9	Property, plant and equipment		**15,986.8**	15,049.8
1,960.3	Goodwill and other intangible assets		**2,122.1**	1,796.3
1,970.6	Equity investments in joint ventures and associates		**2,004.1**	2,265.9
1,115.4	Loans to joint ventures and associates		**1,196.8**	886.0
27.4	Other investments		**2.9**	18.0
149.5	Other receivables		**159.5**	145.2
246.0	Derivative financial assets	15	**132.4**	1,124.7
541.1	Retirement benefit assets	16	**411.0**	648.5
21,406.2	**Non-current assets**		**22,015.6**	21,934.4
454.9	Intangible assets		**263.9**	169.7
394.9	Inventories		**246.0**	501.4
3,245.1	Trade and other receivables		**2,343.5**	2,954.3
19.9	Current tax asset		**75.1**	38.3
891.8	Cash and cash equivalents		**902.4**	289.3
759.2	Derivative financial assets	15	**262.6**	2,677.2
5,765.8	**Current assets**		**4,093.5**	6,630.2
27,172.0	**Total assets**		**26,109.1**	28,564.6
	Liabilities			
1,820.6	Loans and other borrowings	12	**1,394.9**	1,399.7
2,658.6	Trade and other payables		**2,545.5**	2,943.7
9.1	Current tax liabilities		**-**	-
4.0	Financial guarantee liabilities		**47.0**	4.0
29.4	Provisions		**21.8**	29.3
243.3	Derivative financial liabilities	15	**505.2**	2,195.4
4,765.0	**Current liabilities**		**4,514.4**	6,572.1
7,239.3	Loans and other borrowings	12	**7,558.1**	7,966.0
1,300.2	Deferred tax liabilities		**1,352.9**	1,521.1
959.9	Trade and other payables		**1,034.1**	927.6
57.4	Financial guarantee liabilities		**34.5**	57.4
742.7	Provisions		**701.9**	751.1
1,021.0	Derivative financial liabilities	15	**197.9**	956.7
11,320.5	**Non-current liabilities**		**10,879.4**	12,179.9
16,085.5	**Total liabilities**		**15,393.8**	18,752.0
11,086.5	**Net assets**		**10,715.3**	9,812.6
	Equity:			
547.0	Share capital	14	**547.9**	545.6
821.2	Share premium		**820.3**	826.0
52.6	Capital redemption reserve		**52.6**	49.2
441.2	Hedge reserve		**556.0**	703.6
32.1	Translation reserve		**11.9**	29.5
6,660.9	Retained earnings		**6,140.8**	5,727.7
8,555.0	**Equity attributable to ordinary shareholders of the parent**		**8,129.5**	7,881.6
1,882.4	Hybrid equity	13	**1,882.4**	1,882.4
649.1	Attributable to non-controlling interests		**703.4**	48.6
11,086.5	**Total equity attributable to equity holders of the parent**		**10,715.3**	9,812.6

*The comparative Consolidated Balance Sheet has been restated. See note 3.1.

The accompanying notes are an integral part of this interim statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 April 2023 to 30 September 2023

	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 interest £m	Non-controlling interest £m	Total equity £m
At 1 April 2023 (restated*)	**547.0**	**821.2**	**52.6**	**441.2**	**32.1**	**6,660.9**	**8,555.0**	**1,882.4**	**10,437.4**	**649.1**	**11,086.5**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**309.0**	**309.0**	**73.1**	**382.1**	**51.2**	**433.3**
Other comprehensive income/(loss)	**-**	**-**	**-**	**114.8**	**(20.2)**	**(112.3)**	**(17.7)**	**-**	**(17.7)**	**3.1**	**(14.6)**
Total comprehensive income for the period	**-**	**-**	**-**	**114.8**	**(20.2)**	**196.7**	**291.3**	**73.1**	**364.4**	**54.3**	**418.7**
Dividends to shareholders	**-**	**-**	**-**	**-**	**-**	**(738.1)**	**(738.1)**	**-**	**(738.1)**	**-**	**(738.1)**
Scrip dividend related share issue	**0.9**	**(0.9)**	**-**	**-**	**-**	**29.8**	**29.8**	**-**	**29.8**	**-**	**29.8**
Issue of treasury shares	**-**	**-**	**-**	**-**	**-**	**0.4**	**0.4**	**-**	**0.4**	**-**	**0.4**
Distributions to Hybrid equity holders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(73.1)**	**(73.1)**	**-**	**(73.1)**
Credit in respect of employee share awards	**-**	**-**	**-**	**-**	**-**	**10.8**	**10.8**	**-**	**10.8**	**-**	**10.8**
Investment in own shares	**-**	**-**	**-**	**-**	**-**	**(19.7)**	**(19.7)**	**-**	**(19.7)**	**-**	**(19.7)**
At 30 September 2023	**547.9**	**820.3**	**52.6**	**556.0**	**11.9**	**6,140.8**	**8,129.5**	**1,882.4**	**10,011.9**	**703.4**	**10,715.3**

*The comparative Consolidated Statement of Changes in Equity has been restated. See note 3.1.

	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 interest £m	Non-controlling interest £m	Total equity £m
At 1 April 2022	536.5	835.1	49.2	77.5	6.6	6,572.9	8,077.8	1,051.0	9,128.8	40.6	9,169.4
Impact of adoption of IFRS 17 (see note 3.1)	-	-	-	-	-	(28.9)	(28.9)	-	(28.9)	-	(28.9)
At 1 April 2022 (adjusted)	536.5	835.1	49.2	77.5	6.6	6,544.0	8,048.9	1,051.0	9,099.9	40.6	9,140.5
(Loss)/profit for the period	-	-	-	-	-	(392.4)	(392.4)	38.8	(353.6)	-	(353.6)
Other comprehensive income	-	-	-	626.1	22.9	33.3	682.3	-	682.3	8.0	690.3
Total comprehensive income/(loss) for the period	-	-	-	626.1	22.9	(359.1)	289.9	38.8	328.7	8.0	336.7
Dividends to shareholders	-	-	-	-	-	(642.6)	(642.6)	-	(642.6)	-	(642.6)
Scrip dividend related share issue	9.1	(9.1)	-	-	-	322.5	322.5	-	322.5	-	322.5
Issue of treasury shares	-	-	-	-	-	0.5	0.5	-	0.5	-	0.5
Distributions to Hybrid equity holders	-	-	-	-	-	-	-	(38.8)	(38.8)	-	(38.8)
Issue of hybrid equity	-	-	-	-	-	-	-	831.4	831.4	-	831.4
Share buy back	-	-	-	-	-	(125.0)	(125.0)	-	(125.0)	-	(125.0)
Credit in respect of employee share awards	-	-	-	-	-	9.1	9.1	-	9.1	-	9.1
Investment in own shares	-	-	-	-	-	(21.7)	(21.7)	-	(21.7)	-	(21.7)
At 30 September 2022 (restated*)	545.6	826.0	49.2	703.6	29.5	5,727.7	7,881.6	1,882.4	9,764.0	48.6	9,812.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	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 interest £m	Non-controlling interest £m	Total equity £m
At 1 April 2022	536.5	835.1	49.2	77.5	6.6	6,572.9	8,077.8	1,051.0	9,128.8	40.6	9,169.4
Impact of adoption of IFRS 17 (see note 3.1)	-	-	-	-	-	(28.9)	(28.9)	-	(28.9)	-	(28.9)
At 1 April 2022 (adjusted)	536.5	835.1	49.2	77.5	6.6	6,544.0	8,048.9	1,051.0	9,099.9	40.6	9,140.5
(Loss)/profit for the year	-	-	-	-	-	(123.0)	(123.0)	38.8	(84.2)	23.6	(60.6)
Other comprehensive income/(loss)	-	-	-	363.7	25.5	(59.8)	329.4	-	329.4	5.1	334.5
Total comprehensive income/(loss) for the year	-	-	-	363.7	25.5	(182.8)	206.4	38.8	245.2	28.7	273.9
Dividends to shareholders	-	-	-	-	-	(955.8)	(955.8)	-	(955.8)	-	(955.8)
Scrip dividend related share issue	13.9	(13.9)	-	-	-	481.5	481.5	-	481.5	-	481.5
Issue of treasury shares	-	-	-	-	-	18.0	18.0	-	18.0	-	18.0
Distributions to Hybrid equity holders	-	-	-	-	-	-	-	(38.8)	(38.8)	-	(38.8)
Issue of hybrid equity	-	-	-	-	-	-	-	831.4	831.4	-	831.4
Share buy back	(3.4)	-	3.4	-	-	(107.6)	(107.6)	-	(107.6)	-	(107.6)
Partial disposal of interest in SSEN Transmission transaction	-	-	-	-	-	868.3	868.3	-	868.3	579.8	1,448.1
Credit in respect of employee share awards	-	-	-	-	-	18.7	18.7	-	18.7	-	18.7
Investment in own shares	-	-	-	-	-	(23.4)	(23.4)	-	(23.4)	-	(23.4)
At 31 March 2023 (restated*)	547.0	821.2	52.6	441.2	32.1	6,660.9	8,555.0	1,882.4	10,437.4	649.1	11,086.5

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 April 2023 to 30 September 2023

Year ended 31 March 2023 £m		Note	**Six months ended 30 September 2023 £m**	Six months ended 30 September 2022 £m
(146.3)	Operating profit/(loss) - continuing operations	5	**602.3**	(635.1)
(662.3)	Less share of profit of joint ventures and associates		**(6.8)**	(214.9)
(808.6)	**Operating profit/(loss) before jointly controlled entities and associates**		**595.5**	(850.0)
(19.2)	Pension service charges, less contributions paid		**(6.9)**	(11.3)
2,691.6	Movement on operating derivatives		**12.5**	1,969.0
640.7	Depreciation, amortisation, write downs and impairments		**343.6**	115.3
329.3	Impairment of joint venture investment	6	**63.2**	-
18.7	Charge in respect of employee share awards (before tax)		**10.8**	9.1
(89.1)	Profit on disposal of assets and businesses		**-**	(89.1)
(114.9)	Release of provisions		**(8.5)**	(57.1)
(13.9)	Release of deferred income	5	**(6.4)**	(7.7)
2,634.6	**Cash generated from operations before working capital movements**		**1,003.8**	1,078.2
(137.3)	(Increase)/decrease in inventories		**141.2**	(36.5)
(996.0)	(Increase)/decrease in receivables		**932.9**	(713.2)
166.7	Increase in payables		**36.6**	257.8
(15.3)	Decrease in provisions		**(16.8)**	(41.1)
1,652.7	**Cash generated from operations**		**2,097.7**	545.2
296.5	Dividends received from investments		**112.2**	144.1
(199.9)	Interest paid		**(54.6)**	(103.1)
(255.3)	Taxes paid		**(126.3)**	(74.9)
1,494.0	**Net cash from operating activities**		**2,029.0**	511.3
(1,479.7)	Purchase of property, plant and equipment	5	**(848.0)**	(620.2)
(336.4)	Purchase of other intangible assets	5	**(228.6)**	(119.7)
13.9	Deferred income received		**18.8**	8.5
60.0	Proceeds from disposals	6	**-**	60.0
(642.7)	Purchase of businesses, joint ventures and subsidiaries	11	**-**	(640.0)
(621.8)	Loans and equity provided to joint ventures and associates		**(133.1)**	(436.1)
61.4	Loans and equity repaid by joint ventures		**6.7**	6.4
(19.1)	Increase in other investments		**-**	(9.3)
(2,964.4)	**Net cash from investing activities**		**(1,184.2)**	(1,750.4)
18.0	Proceeds from issue of share capital	14	**0.4**	0.5
(474.3)	Dividends paid to the company's equity holders	9	**(708.3)**	(320.1)
(107.6)	Share buy backs	14	**-**	-
1,448.1	Proceeds from divestments		**-**	-
(38.8)	Hybrid equity dividend payments	13	**(73.1)**	(38.8)
(23.4)	Employee share awards share purchase	14	**(19.7)**	(21.7)
831.4	Issue of hybrid equity instruments	13	**-**	831.4
1,914.7	New borrowings		**1,751.0**	2,068.6
(2,242.5)	Repayment of borrowings		**(1,786.4)**	(2,044.3)
(12.7)	Settlement of cashflow hedges		**1.9**	3.5
1,312.9	**Net cash from financing activities**		**(834.2)**	479.1
(157.5)	**Net increase/(decrease) in cash and cash equivalents**		**10.6**	(760.0)
1,049.3	Cash and cash equivalents at the start of period		**891.8**	1,049.3
(157.5)	Net increase/(decrease) in cash and cash equivalents		**10.6**	(760.0)
891.8	**Cash and cash equivalents at the end of period**		**902.4**	289.3

The Consolidated cash flow statement for 30 September 2022 has been restated to remove from discontinued operating income £35.0m in relation to Gas Production, which had no cash impact and was non-operating income.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Condensed Interim Financial Statements

SSE plc (the Company) is a company domiciled in Scotland. The condensed Interim Financial Statements comprise those of the Company and its subsidiaries (together referred to as the Group).

The financial information set out in these condensed Interim Financial Statements does not constitute the Group's statutory accounts for the periods ended 30 September 2023, 31 March 2023 or 30 September 2022 within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2023, which were prepared in accordance with UK-adopted international accounting standards, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified (ii) did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain statements under section 498 (2) or (3) of the Companies Act 2006. The Group's financial statements for the year ending 31 March 2024 will be prepared in accordance with UK-adopted International Accounting Standards.

The financial information set out in these condensed Interim Financial Statements has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and UK adopted IAS 34 Interim Financial Reporting. The interim financial information is unaudited but has been formally reviewed by the auditor and its report to the Company is set out on page 102.

These interim statements were authorised by the Board on 14 November 2023.

2. Basis of preparation

These condensed Interim Financial Statements for the period to 30 September 2023 and the comparative information for the period to 30 September 2022 have been prepared applying the accounting policies used in the Group's consolidated financial statements for the year ended 31 March 2023, with the exception of the adoption of IFRS 17 'Insurance Contracts' ("IFRS 17") and the amendment to IAS 12 'Deferred Tax relating to Assets and Liabilities arising from a Single Transaction' ("IAS 12"), as explained at note 3.1.

(i) 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 financial performance to users of the accounts. These measures are also deemed to be the most useful for the ordinary shareholders of the Company and for other stakeholders.

Reconciliations from the 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 52 to 58.

(ii) Going concern

The Directors consider that the Group has adequate resources to continue in operational existence for the period to 31 December 2024. The interim financial statements are therefore prepared on a going concern basis.

In reaching their conclusion, the Directors regularly review the Group's funding structure (see note 12) against the current economic climate to ensure that the Group has the short and long term funding required. The Group has performed detailed going concern testing, including the consideration of cash flow forecasts under stressed scenarios for the period to December 2024.

The Group has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 30 September 2023 there was £903m commercial paper outstanding (31 March 2023: £919m). In the six months ended 30 September 2023, the Group has issued new debt instruments totalling £650m and has redeemed £204m of maturing debt in the period. The Group also continues to have access to its £3.5bn of revolving credit facilities. As at 30 September 2023 there were £220m of drawings against these committed facilities being less than 6% utilisation. The details of the five committed facilities at 30 September 2023 are:

- a £1.3bn revolving credit facility for SSE plc maturing March 2026;
- a £0.2bn bilateral facility for SSE plc maturing October 2026;
- a £0.75bn facility for Scottish Hydro Electric Transmission plc maturing November 2026;
- a £0.25bn facility for Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc maturing November 2026; and
- a £1.0bn committed facility for SSE plc maturing February 2024.

The £1.3bn revolving credit facility and £0.2bn bilateral facility are both in place to provide back-up to the commercial paper programme and support the Group's capital expenditure plans. The Transmission and Distribution related facilities, both of which have 1 year extension options at the borrower's discretion, were entered into to help cover the capital expenditure and working capital of those businesses. The £1bn committed facility at SSE plc has a 1 year extension option at the lender's discretion and was entered into to provide cover for potential cash collateral requirements, if periods of extreme volatility return to the commodity markets. The only facility that was drawn at 30 September 2023 was the £750m Transmission facility, with £220m drawn to cover capital expenditure requirements.

(iii) 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.

Market conditions that have deteriorated or improved significantly over time will only be captured to the extent observable at the balance sheet date. Examples of items that may be considered exceptional include material asset or business impairment charges, reversals of historic impairments, business restructuring costs and reorganisation costs, significant realised gains or losses on disposal, unrealised fair value adjustments on part disposal of a subsidiary or on acquisition of an investment and provisions in relation to significant disputes and claims.

The Group operates a policy framework for estimating whether items are considered to be exceptional. This framework, which is reviewed annually, estimates the materiality of each broad set of potentially exceptional circumstances, after consideration of strategic impact and likelihood of recurrence, 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 will be considered exceptional, with lower thresholds applied to circumstances that are considered to have a greater strategic impact and are less likely to recur. The only exception to this threshold is for gains or losses on disposal, or divestment of early stage SSE Renewables international or offshore windfarm 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 gain arises on a non-cash transaction, the gain is 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 15.

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 are 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 are also included within certain remeasurements.

(iv) 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.

(v) Changes to presentation and prior year adjustments

The prior year comparatives at 31 March 2023 and 30 September 2022 have been restated following the adoption of IFRS 17 as disclosed in the section below.

Segments

In accordance with the requirements of IFRS 8 'Operating Segments' the Group has aligned its segmental disclosures with its revised internal reporting following changes to the Group's structure and operations. These segments are used internally by the Group Executive Committee in order to assess operating performance and to make decisions on how to allocate capital. Consequently, the segmental results reported in the Group's operating segments have been restated with effect from 1 April 2022. During the period to 30 September 2023, SSE Renewables assumed responsibility for the development, delivery and operation of battery storage and solar assets in Great Britain from SSE Enterprise (formerly Distributed Energy), aligning that activity with its international operations. In addition, the Building Energy Management Systems ('BEMS') activity has been assumed by GB Business Energy. Accordingly, the result from the Group's battery and solar business and BEMS will now be reported within SSE Renewables and Energy Customers Solutions respectively. Comparative segmental information in note 5 has been re-presented to reflect the change to these segments. The impacts of the restatements are a decrease to the adjusted operating profit of SSE Renewables (2022: £7.5m, March 2023: £18.2m), a decrease to the adjusted operating profit of GB Business Energy (2022: £1.1m, March 2023: £2.2m) and a decrease to the adjusted operating loss of SSE Enterprise (2022: £8.6m, March 2023: £20.4m). Additionally, adjusted capital expenditure has been re-presented with an increase to SSE Renewables (2022: £51.5m, March 2023: £74.0m), an increase to GB Business Energy (2022: £0.2m, March 2023: £0.4m) and a decrease to SSE Enterprise (2022: £51.7m, March 2023: £74.4m). Revenue has been re-presented with an increase to GB Business Energy (2022: £22.9m, March 2023: £46.0m) and a decrease to SSE Enterprise (2022: £22.9m, March 2023: £46.0m). Finally, note that there were two changes to the names of segments in the period: 1) Distributed Energy was renamed SSE Enterprise and 2) EPMI was renamed SSE Energy Markets.

Investment presentation change

In the current period the classification of an investment of £33.7m (2022: £14.8m, March 2023: £24.1m) has been reassessed and reclassified from 'Other investments' to 'Equity investments in joint ventures and associates'. The investment has been recognised as an associate reflecting the Group's level of ownership and influence over the investee; comparative amounts have not been re-presented.

New accounting policies and reporting changes

Except for the adoption of IFRS 17 and the amendment to IAS 12, the accounting policies applied in the preparation of these Interim Financial Statements are consistent with those applied by the Group in the preparation of the Financial Statements for the year ended 31 March 2023.

Set out below are revisions to accounting standards that have become applicable in the period, or are issued but not yet effective.

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

On 1 April 2023, the Group adopted IFRS 17 'Insurance Contracts' and the amendments to IAS 12 'Income Taxes' on a modified retrospective basis from the earliest period presented in these financial statements.

The Group provides guarantees in respect of certain activities of former subsidiaries and to certain current joint venture investments. Prior to adoption of IFRS 17, these contracts were designated as insurance contracts under IFRS 4, where existing accounting practices were grandfathered and the contracts were treated as contingent liabilities until such time as it became probable the Group would be required to make payment to settle the obligation. The adoption of IFRS 17 from 1 April 2022 resulted in a reassessment of these contracts and the Group elected to apply the valuation principles of IFRS 9 to these contracts. Adoption resulted in the recognition of financial guarantee liabilities of £45.4m; a £17.6m increase in equity investments in joint ventures and associates; a related deferred tax liability of £1.1m; and a £28.9m adjustment to retained earnings. On 1 September 2022, the Group acquired a 50% joint venture in Triton Power Holdings Limited and provided parent company guarantees to Saltend Cogeneration Company Limited (acquired as part of the Triton Power 50% equity accounted joint venture). In the comparative 6 month period to 30 September 2022, the Group has therefore recognised a further £16.0m increase to the Group's financial guarantee liabilities to reflect this guarantee and a £16.0m increase to the Group's equity investment in Triton.

During the 6 month period to 30 September 2023, the Group recognised a net increase in financial guarantee liabilities of £20.1m, a reduction in the value of its joint venture investments of £14.1m and a settlement of £12.3m resulting in a net income statement charge of £46.5m, of which a £50.5m expense has been treated as an exceptional charge (see note 6 for further details) in relation to the adoption of IFRS 17.

The adoption of the amendments to IAS 12 resulted in an increase of £50.1m (2022: £22.8m, March 2023: £45.5m) to the Group's gross deferred tax assets and gross deferred tax liabilities recognised in relation to the Group's decommissioning obligations. Adoption had no impact on retained earnings or profits recognised in presented periods.

In the period, the Group also adopted the amendments to:

- IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' in relation to disclosure of accounting policies;
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' in relation to the definition of accounting estimates; and
- Pillar Two Model Rules (Amendments to IAS 12) as issued on 23 May 2023, was substantively enacted in the United Kingdom from 20 June 2023. The amendments to IAS 12 introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing OECD Pillar Two. SSE has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Adoption of these amendments had no material impact on the presentation of these Interim Financial Statements.

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

A number of standards, amendments and interpretations have been issued but not yet adopted by the Group within these Interim Financial Statements, because application is not yet mandatory or because adoption by the UK remains outstanding at the date the financial statements were authorised for issue. These amendments are not anticipated to have a material impact on the Group's consolidated financial statements.

4. Accounting judgements and estimation uncertainty

In the process of applying the Group's accounting policies, management is necessarily 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.

4.1 Significant financial judgements and estimation uncertainties

The preparation of these condensed Interim Financial Statements has specifically considered the following significant financial judgements, some of which are 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 determined by reference to value in use calculations or fair value less cost to sell assessments, if more appropriate.

At 30 September 2023, the Group has reviewed assets related to thermal, gas storage and wind power generation for indicators of impairment (or impairment reversal) arising since the last formal review performed at 31 March 2023. The Group has also performed an assessment of indicators of impairment over the carrying value of its joint venture investments in Neos Networks Limited and Triton Power Holdings Limited. The main assumptions in the Group's impairment assessments performed at 31 March 2023 were: regulation and legislation changes (including the Electricity Generator Levy and 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.

In the period to 30 September 2023, observable prices for power and gas have decreased, which is considered an indicator of impairment necessitating the formal reassessment of the carrying value of certain thermal assets and the Triton Power Holdings Limited joint venture that have been impaired previously. The conclusions from this impairment assessment are set out in note 6.1 (i). Wind generation assets in GB and Ireland, Southern Europe and Japan have not been impaired previously and while the decline in observable power prices is noted, no indicators of impairment were identified in the review conducted; as a result, no formal detailed reassessment was performed at 30 September 2023.

At 30 September 2023, the Group has reviewed its investment in Neos Networks Limited for indicators of impairment (or impairment reversal) arising since the last formal review performed at 31 March 2023. There were no indicators of impairment identified and therefore no impairment assessment was performed.

The Group will reassess the assets for indicators of impairment, or impairment reversal, at 31 March 2024.

(ii) Retirement benefit obligations – estimation uncertainty

The assumptions in relation to the cost of providing post-retirement benefits during the period are based on the Group's best estimates and are set 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, key assumptions used and the resulting movements in obligations are disclosed in note 16 of these condensed Interim Financial Statements.

(iii) Revenue recognition – Customers unbilled supply of energy – estimation uncertainty

Revenue from energy supply activities undertaken by GB Business Energy and Airtricity businesses includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the period 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 estimated customer consumption, taking account of various factors including usage patterns, tariff changes, changes to the proportion of customers on different contract types, levels of unread meters, weather trends and externally notified aggregated volumes supplied to customers from national settlement bodies. During the period and the prior year both of the Group's Supply businesses have administered government support backed customer support schemes, where the Group provides discounts to customers based on estimated usage and recovers amounts from the government based on actual customer usage. The administration of these support schemes has increased the complexity and level of estimation uncertainty of the Group's unbilled calculations. The most material support scheme administered by the Group in the year was the Energy Bills Relief Scheme ("EBRS") within the GB Business Energy Business. A change in the assumptions underpinning the calculation would have an impact on the amount of revenue recognised in any given period.

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 weather-adjusted consumption patterns and aggregated metering data used in industry reconciliation processes. Furthermore, actual meter readings and billings continue to be compared to unbilled estimates between the balance sheet date and the finalisation of the financial statements. The estimation of the government receivable included within the Group's unbilled revenue accrual is based on claimed and unclaimed values based on the same customer consumption detail and derived from consideration of tariffs applied to customers, metered and estimated volumes and other factors. The EBRS claims submitted by SSE will be audited by the UK government and are subject to volumetric risk as estimated consumption data is replaced by actual metered data over the 14 month electricity industry reconciliation period. The value of outstanding EBRS claims recognised at 30 September 2023 was £13.4m (March 2023: £326.6m), which includes a risk provision of £6.0m (March 2023: £15.1m) related to amounts where the Group has provided the discount to the customer but has assessed that it will be unable to recover the amount from the government during the open claim window.

Given the non-routine process, the number and the extent of differing inputs and the requirement of management to apply judgement noted above, the estimated revenue accrual is considered to be a significant estimate made by management in preparing the condensed Interim Financial Statements. A 5% sensitivity on the unbilled energy accrual would equate to an increase or decrease in the receivable balance of £12.8m (March 2023: £19.4m). A more comprehensive explanation of the Group's policy, and the nature of the judgements requiring consideration, is disclosed in note 18 of the Group's 31 March 2023 annual report.

(iv) Valuation of other receivables – financial judgement and estimation uncertainty

The Group holds a £100m loan note due from Ovo Energy Limited 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 30 September 2023, the carrying value (net of expected credit loss provision of £1.5m (March 2023: £1.5m)) is £159.5m (March 2023: £149.5m).

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. Due to previous energy supplier failures and recent market volatility, the Group's assessment of the recoverability of the loan note is considered a significant financial judgement. 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 Energy Limited, including the 31 December 2022 statutory financial statements; considering available Government support schemes; 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.

(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^{O}C 2050 net zero pathway. The Group has a clearly articulated Net Zero Acceleration Programme Plus ('NZAP Plus'), as reiterated on pages 15 to 17 of these interim statements, to lead in the UK's transition to net zero and accordingly aligns its investment plans and business activities to that strategy. These plans are supported by the Group's Green Bond framework under which the sixth green bond was issued in September 2023. The proceeds of the sixth green bond were allocated to fund Renewables' wind projects.

The impact of future climate change regulation could have a material impact on the currently reported amounts of the Group's assets and liabilities. In preparing these condensed Interim Financial Statements, the following has been considered:

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

In the medium term, the transition to net zero may result in regulation restricting electricity generation from unabated gas fired power stations. The Group's view is that flexible generation capacity, such as the Group's fleet of CCGT power stations, will be an essential part of the net zero transition in order to provide security of supply to a market which is increasingly dependent upon renewable sources, which are inherently intermittent. The majority of the Group's GB CCGT fleet is nearing the end of its economic life and it is not currently expected that regulation to require abatement would be introduced before the planned closure of those power stations. Of the net book value held at 30 September 2023, only four assets are forecast to continue to operate beyond 2030 being: Great Island; Keadby 2; Marchwood (which is operated by SSE under a lease); and the Saltend Power Station within the Triton joint venture. The Group's view is that Great Island will continue to be essential to providing security of supply in the Irish electricity market. Keadby 2 commenced commercial operation on 15 March 2023 and has an efficiency of around 63% making it the most efficient plant of its type in the UK and Europe. Work is also underway to explore how to decarbonise Keadby 2 further with the potential to blend hydrogen into the plant. Marchwood is a 50% equity accounted joint venture and is considered one of the most efficient CCGTs in the UK. Saltend was acquired as part of Triton Power 50% equity accounted joint venture and supports the long-term decarbonisation of the UK's power system, and also contributes to security of supply and grid stability. Initial steps are underway at Saltend, targeting abatement by 2027 through blending up to 30% of low-carbon hydrogen. Therefore, the Group considers that other assets operating in the market would be more likely to close before Keadby 2, Marchwood and Saltend and the plants will continue to be required to balance the UK electricity market beyond 2030. As a result, the useful economic life of the four assets have not been shortened when preparing the 31 March 2023 financial statements. The Group assesses the useful economic life of its property, plant and equipment assets annually.

A significant increase in renewable generation capacity in the Group's core markets in the UK and Ireland could potentially 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 wind generation assets. The Group has not assessed that this constitutes an indicator of impairment at 30 September 2023 as the Group's baseline investment case models assume a centrally approved volume of new build in these markets over the life of the existing assets. The Group's policy is to test the goodwill balances associated with wind generation portfolio for impairment on an annual basis in line with the requirements of IAS 36.

Changes to weather patterns resulting from global warming have also been considered as a potential risk to future returns from the Group's wind and hydro assets. Changes to weather patterns could result in calmer, drier weather patterns, which would reduce volumes achievable for the Group's wind and hydro generation assets (although noting that this would likely lead to capacity constraints and hence higher prices). This has not been assessed as an indicator of impairment for operating assets in the UK and Ireland at 30 September 2023, as there is no currently observable evidence to support that scenario directly.

Valuations of decommissioning provisions

The Group holds decommissioning provisions for its Renewable and Thermal generation assets and has retained a 60% share for the decommissioning of its disposed Gas Production business. As noted above, the Group's view at 30 September 2023 is that climate change regulation will not bring forward the closure dates of its CCGT fleet, many of which are expected to close before 2030. Similarly, it is expected that fundamental changes to weather patterns, or the impact of new wind generation capacity will not bring forward the decommissioning of the Group's current wind farm portfolio.

The discounted share of the Gas Production provision is £201.5m (March 2023: £201.4m). At 30 September 2023, the impact of discounting of this retained provision is £78.2m (March 2023: £64.5m), which is expected to be incurred across the period to 31 March 2037. 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 30 September 2023 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

The implications of near term climate-related risks have been considered in the Group's going concern assessment.

4.2 Other accounting judgements and estimation uncertainties - changes from the prior year

The Group has made no changes to accounting judgements and estimation uncertainties from those presented in the Group's 2023 Annual Report.

4.3 Other areas of estimation uncertainty

(i) Tax provisioning

In the condensed interim Financial Statements at 30 September 2023, the Group has no provision for uncertain tax positions included in current tax liabilities (2022: £27.9m; March 2023: £nil). The provision held by the Group at 30 September 2022 related to the Group's case concerning the availability of capital allowances on Glendoe Hydro Electric Station. This case was heard at the Supreme Court on 23 March 2023 and a final decision on the case was released on 17 May 2023. This decision upheld SSE's position in relation to the dispute and accordingly at 31 March 2023, the provision held was released as an adjusting post balance sheet event and a related deferred tax liability of £23.4m in relation to the associated capital allowances was recognised. The Group has no other open tax positions against which a provision has required to be recognised.

The Group applies IFRIC 23 'Uncertainty over Income Tax Treatments' in respect of uncertain tax positions. Where management makes a judgement that an outflow of funds is probable, and a reliable estimate of the dispute can be made, provision is made for the best estimate of the most likely liability.

In estimating any such liability, the Group applies a risk-based approach, taking into account the specific circumstances of each dispute based on management's interpretation of tax law and supported, where appropriate, by discussion and analysis by external tax advisors. These estimates are inherently judgmental and could change substantially over time as disputes progress and new facts emerge. Provisions are reviewed on an ongoing basis, however, the resolution of tax issues can take a considerable period of time to conclude and it is possible that amounts ultimately paid will be different from the amounts provided.

(ii) 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 year to 31 March 2022. The last formal assessment for Gas Storage assets was performed in the year to 31 March 2023. 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 exploration and production business where reassessment of gas and liquids reserves and fluctuations in commodity prices can lengthen or shorten the field life.

At 30 September 2023, the carrying value of decommissioning provisions have decreased due to increases in discount rate and minimal movement in inflation assumptions since 31 March 2023. With the exception of the increase of £0.1m (March 2023: decrease £48.1m) to the provision relating to Gas Production activities, movements on which are recorded in the income statement, all revaluation movements have been matched by an offsetting adjustment to the associated asset.

5. Segmental information

The changes to the Group's segments in the period are explained at note 2(v) and includes the realignment of the activities of the Distributed Energy (now SSE Enterprise) business. 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 cannot be allocated to individual segments and includes the contribution from the Group's Neos Networks joint venture.

The types of products and services from which each reportable segment generates its revenue are:

Business area	Reported segments	Description
Continuing operations		
Transmission	SSEN Transmission	The economically regulated high voltage transmission of electricity from generating plant to the distribution network in the North of Scotland. 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.
Renewables	SSE Renewables	The generation of electricity from renewable sources, such as onshore and offshore windfarms and run of river and pumped storage hydro assets in the UK and Ireland and the development of similar assets in Japan and Southern Europe and the development of wind, solar and battery opportunities. During the period, Renewables has taken responsibility for the development, delivery and operation for battery storage and solar assets in Great Britain from SSE Enterprise, aligning that activity with its international operations.
Thermal	SSE Thermal	The generation of electricity from thermal plants including CCGTs and the Group's interests in multifuel assets in the UK and Ireland.
	Gas Storage	The operation of gas storage facilities in Great Britain, utilising capacity to optimise trading opportunities associated with the assets.
Energy Customer Solutions	GB Business Energy	The supply of electricity and gas to business customers in Great Britain and smart buildings (BEMS) activity.
	SSE Airtricity	The supply of electricity, gas and energy related services to residential and business customers in the Republic of Ireland and Northern Ireland.
SSE Enterprise	SSE Enterprise	The provision of low carbon energy solutions to customers; behind-the-meter solar and battery solutions, EV charging activities, private electric networks and heat and cooling networks. As noted above, during the period, the front of the meter battery storage and solar assets activity in Great Britain was transferred to SSE Renewables and smart buildings (BEMS) activity was transferred to GB Business Energy.

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 in line with the Group's stated hedging policies.

The internal measure of profit used by the Board 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, the net interest costs/income associated with defined benefit pension schemes, adjustments to the retained Gas Production decommissioning, 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 below. All revenue and profit before taxation arise from operations within the UK and Ireland. Details of revenue recognition policies are included in the Group's consolidated financial statements for the year to 31 March 2023.

5. (a) Revenue by segment

	Six months ended 30 September 2023			Six months ended 30 September 2022 (restated*)		
	Reported revenue	**Inter-segment revenue**	**Segment revenue**	Reported revenue	Inter-segment revenue	Segment revenue
	2023 £m	**2023 £m**	**2023 £m**	2022 £m	2022 £m	2022 £m
Continuing operations						
SSEN Transmission	**441.1**	**-**	**441.1**	325.4	-	325.4
SSEN Distribution	**468.2**	**24.4**	**492.6**	522.5	28.2	550.7
SSE Renewables	**140.6**	**185.0**	**325.6**	151.2	29.8	181.0
SSE Thermal	**279.0**	**1,530.7**	**1,809.7**	249.9	1,592.0	1,841.9
Gas Storage	**4.6**	**1,302.3**	**1,306.9**	5.2	1,760.0	1,765.2
Energy Customer Solutions						
GB Business Energy	**1,544.5**	**21.0**	**1,565.5**	1,487.9	32.4	1,520.3
SSE Airtricity	**949.6**	**75.1**	**1,024.7**	753.3	101.2	854.5
SSE Enterprise	**38.3**	**10.1**	**48.4**	38.0	8.9	46.9
SSE Energy Markets:						
Gross trading	***6,812.4***	***4,010.0***	***10,822.4***	*9,697.0*	*5,213.4*	*14,910.4*
Optimisation trades(i)	***(5,916.2)***	***(1,327.2)***	***(7,243.4)***	*(7,632.0)*	*(1,028.0)*	*(8,660.0)*
Energy Markets	**896.2**	**2,682.8**	**3,579.0**	2,065.0	4,185.4	6,250.4
Corporate unallocated	**28.4**	**119.0**	**147.4**	31.0	74.1	105.1
Total SSE Group	**4,790.5**	**5,950.4**	**10,740.9**	5,629.4	7,812.0	13,441.4

	Year ended 31 March 2023 (restated*)		
	Reported revenue 2023	Inter-segment revenue 2023	Segment revenue 2023
	£m	£m	£m
Continuing operations			
SSEN Transmission	656.1	-	656.1
SSEN Distribution	1,102.7	81.0	1,183.7
SSE Renewables	334.8	602.7	937.5
SSE Thermal	740.4	3,863.8	4,604.2
Gas Storage	12.2	5,147.5	5,159.7
Energy Customer Solutions			
GB Business Energy	3,359.5	59.4	3,418.9
SSE Airtricity	1,776.9	233.1	2,010.0
SSE Enterprise	93.1	20.1	113.2
SSE Energy Markets:			
Gross trading	*24,700.6*	*11,972.4*	*36,673.0*
Optimisation trades(i)	*(20,351.8)*	*(937.3)*	*(21,289.1)*
SSE Energy Markets	4,348.8	11,035.1	15,383.9
Corporate unallocated	66.2	232.1	298.3
Total SSE Group	12,490.7	21,274.8	33,765.5

*The comparative has been restated. See note 2(v).

(i) The Group continues to provide optimisation volume disclosures to disclose the volume of trading in the period by its SSE Energy Markets segment.

5. Segmental information (continued)
5. (a) Revenue by segment (continued)

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:

	Six months ended 30 September 2023									
	Revenue from contracts with customers									
	Goods or services transferred over time				Goods or services transferred at a point in time					
	Use of electricity networks	Supply of energy and ancillary services	Construction related services	Other contracted services	Physical energy	Gas storage	Other revenue	Total revenue from contracts with customers	Other contract revenue	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Continuing operations										
SSEN Transmission	**429.8**	**-**	**-**	**9.3**	**-**	**-**	**2.0**	**441.1**	**-**	**441.1**
SSEN Distribution	**445.1**	**-**	**-**	**6.5**	**-**	**-**	**7.4**	**459.0**	**9.2**	**468.2**
SSE Renewables	**-**	**25.1**	**-**	**49.6**	**63.7**	**-**	**2.2**	**140.6**	**-**	**140.6**
SSE Thermal	**-**	**264.5**	**-**	**-**	**-**	**-**	**14.5**	**279.0**	**-**	**279.0**
Gas Storage	**-**	**-**	**-**	**-**	**-**	**4.6**	**-**	**4.6**	**-**	**4.6**
Energy Customer Solutions										
GB Business Energy	**-**	**1,523.5**	**-**	**-**	**-**	**-**	**21.0**	**1,544.5**	**-**	**1,544.5**
SSE Airtricity	**-**	**937.8**	**-**	**-**	**-**	**-**	**11.8**	**949.6**	**-**	**949.6**
SSE Enterprise	**8.6**	**14.3**	**6.3**	**1.9**	**-**	**-**	**1.7**	**32.8**	**5.5**	**38.3**
SSE Energy Markets	**-**	**-**	**-**	**-**	**757.1**	**-**	**139.1**	**896.2**	**-**	**896.2**
Corporate unallocated	**-**	**-**	**-**	**-**	**-**	**-**	**28.4**	**28.4**	**-**	**28.4**
Total SSE Group	**883.5**	**2,765.2**	**6.3**	**67.3**	**820.8**	**4.6**	**228.1**	**4,775.8**	**14.7**	**4,790.5**

5. **Segmental information (continued)**
5. **(a) Revenue by segment (continued)**

Disaggregation of revenue (continued)

	Six months ended 30 September 2022 (restated*)									
	Revenue from contracts with customers									
	Goods or services transferred over time				Goods or services transferred at a point in time					
	Use of electricity networks	Supply of energy and ancillary services	Construction related services	Other contracted services	Physical energy	Gas storage	Other revenue	Total revenue from contracts with customers	Other contract revenue	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Continuing operations										
SSEN Transmission	316.3	-	-	8.5	-	-	0.6	325.4	-	325.4
SSEN Distribution	502.0	-	-	5.5	-	-	7.6	515.1	7.4	522.5
SSE Renewables	-	24.6	-	39.8	77.3	-	9.5	151.2	-	151.2
SSE Thermal	-	248.4	-	-	-	-	1.5	249.9	-	249.9
Gas Storage	-	-	-	-	-	5.2	-	5.2	-	5.2
Energy Customer Solutions										
GB Business Energy	-	1,465.0	-	-	-	-	22.9	1,487.9	-	1,487.9
SSE Airtricity	-	741.7	-	11.6	-	-	-	753.3	-	753.3
SSE Enterprise	7.9	13.4	11.4	2.4	-	-	-	35.1	2.9	38.0
SSE Energy Markets	-	-	-	-	1,879.5	-	185.5	2,065.0	-	2,065.0
Corporate unallocated	-	-	-	-	-	-	31.0	31.0	-	31.0
Total SSE Group	826.2	2,493.1	11.4	67.8	1,956.8	5.2	258.6	5,619.1	10.3	5,629.4

*The comparative has been restated. See note 2(v).

5. Segmental information (continued)
5. (a) Revenue by segment (continued)

Disaggregation of revenue (continued)

	Year ended 31 March 2023 (restated*)									
	Revenue from contracts with customers									
	Goods or services transferred over time				Goods or services transferred at a point in time					
	Use of electricity networks	Supply of energy and ancillary services	Construction related services	Other contracted services	Physical energy	Gas storage	Other revenue	Total revenue from contracts with customers	Other contract revenue	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Continuing operations										
SSEN Transmission	634.0	-	-	20.4	-	-	1.7	656.1	-	656.1
SSEN Distribution	1,054.0	-	-	12.3	-	-	17.9	1,084.2	18.5	1,102.7
SSE Renewables	-	49.7	-	87.5	184.3	-	13.3	334.8	-	334.8
SSE Thermal	-	736.9	-	-	-	-	3.5	740.4	-	740.4
Gas Storage	-	-	-	-	-	12.2	-	12.2	-	12.2
Energy Customer Solutions										
GB Business Energy	-	3,313.5	-	-	-	-	46.0	3,359.5	-	3,359.5
SSE Airtricity	-	1,756.7	-	-	-	-	20.2	1,776.9	-	1,776.9
SSE Enterprise	16.4	29.5	14.4	-	-	-	27.0	87.3	5.8	93.1
SSE Energy Markets	-	-	-	-	4,158.7	-	190.1	4,348.8	-	4,348.8
Corporate unallocated	-	-	-	-	-	-	66.2	66.2	-	66.2
Total SSE Group	1,704.4	5,886.3	14.4	120.2	4,343.0	12.2	385.9	12,466.4	24.3	12,490.7

*The comparative has been restated. See note 2(v).

5. Segmental information (continued)

5. (b) Operating profit/(loss) by segment

	Six months ended 30 September 2023							
	Adjusted operating profit reported to the Board £m	Depreciation 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
Continuing operations								
SSEN Transmission	215.6	-	-	-	71.7	287.3	-	287.3
SSEN Distribution	120.1	-	-	-	-	120.1	-	120.1
SSE Renewables	86.8	(9.4)	(49.1)	-	(0.5)	27.8	(51.5)	(23.7)
SSE Thermal	312.9	-	(1.6)	-	-	311.3	(76.7)	234.6
Gas Storage	(86.7)	-	-	-	-	(86.7)	(4.6)	(91.3)
Energy Customer Solutions								
GB Business Energy	88.0	-	-	-	-	88.0	-	88.0
SSE Airtricity	5.8	-	(0.5)	-	-	5.3	-	5.3
SSE Enterprise	(8.4)	-	-	-	-	(8.4)	-	(8.4)
SSE Energy Markets	9.0	-	-	-	-	9.0	79.9	88.9
Corporate								
Corporate unallocated	(35.2)	-	-	3.5	-	(31.7)	(50.5)	(82.2)
Neos	(14.7)	-	(1.6)	-	-	(16.3)	-	(16.3)
Total SSE Group	693.2	(9.4)	(52.8)	3.5	71.2	705.7	(103.4)	602.3

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 charge on fair value uplifts and tax from joint ventures and associates, Gas Production decommissioning costs, operating profit from non-controlling interests and after adjusting for exceptional items and certain re-measurements (note 6).

5. Segmental information (continued)

5. (b) Operating profit/(loss) by segment (continued)

Six months ended 30 September 2022 (restated*)

	Adjusted operating profit reported to the Board £m	Depreciation on fair value uplifts £m	Joint Venture/ Associate share of interest and tax £m	Adjustments to Gas Production decommissioning provision £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Continuing operations							
SSEN Transmission	208.4	-	-	-	208.4	-	208.4
SSEN Distribution	174.6	-	-	-	174.6	-	174.6
SSE Renewables	15.0	(9.4)	(42.4)	-	(36.8)	-	(36.8)
SSE Thermal	100.4	-	(5.3)	-	95.1	247.6	342.7
Gas Storage	147.8	-	-	-	147.8	397.0	544.8
Energy Customer Solutions							
GB Business Energy	59.4	-	-	-	59.4	-	59.4
SSE Airtricity	14.9	-	(0.1)	-	14.8	-	14.8
SSE Enterprise	0.6	-	-	-	0.6	-	0.6
SSE Energy Markets	30.3	-	-	-	30.3	(1,988.3)	(1,958.0)
Corporate							
Corporate unallocated	(28.9)	-	-	54.5	25.6	-	25.6
Neos	(6.5)	-	(4.7)	-	(11.2)	-	(11.2)
Total SSE Group	716.0	(9.4)	(52.5)	54.5	708.6	(1,343.7)	(635.1)

*The comparative has been restated. See note 2(v).

5. Segmental information (continued)

5. (b) Operating profit/(loss) by segment (continued)

	Year ended 31 March 2023 (restated*)							
	Adjusted operating profit reported to the Board £m	Depreciation 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
Continuing operations								
SSEN Transmission	372.7	-	-	-	32.8	405.5	-	405.5
SSEN Distribution	382.4	-	-	-	-	382.4	-	382.4
SSE Renewables	561.8	(18.8)	(103.0)	-	(1.9)	438.1	(10.0)	428.1
SSE Thermal	1,031.9	(10.0)	(60.4)	-	-	961.5	128.0	1,089.5
Gas Storage	212.5	-	-	-	-	212.5	36.7	249.2
Energy Customer Solutions								
GB Business Energy	15.7	-	-	-	-	15.7	-	15.7
SSE Airtricity	5.6	-	(0.4)	-	-	5.2	-	5.2
SSE Enterprise	(7.0)	-	-	-	-	(7.0)	(6.1)	(13.1)
SSE Energy Markets	80.4	-	-	-	-	80.4	(2,706.4)	(2,626.0)
Corporate								
Corporate unallocated	(87.0)	-	-	50.5	-	(36.5)	9.7	(26.8)
Neos	(39.8)	-	(10.3)	-	-	(50.1)	(5.9)	(56.0)
Total SSE Group	2,529.2	(28.8)	(174.1)	50.5	30.9	2,407.7	(2,554.0)	(146.3)

*The comparative has been restated. See note 2(v).

5. Segmental information (continued)
5. (c) Capital expenditure by segment

	Capital additions to intangible assets 30 September 2023 £m	Capital additions to property, plant and equipment 30 September 2023 £m	(restated*) Capital additions to intangible assets 30 September 2022 £m	Capital additions to property, plant and equipment 30 September 2022 £m	(restated*) Capital additions to intangible assets 31 March 2023 £m	Capital additions to property, plant and equipment 31 March 2023 £m
Continuing operations						
SSEN Transmission	**-**	**324.8**	-	270.9	7.2	536.6
SSEN Distribution	**4.7**	**332.2**	6.7	215.3	15.2	486.8
SSE Renewables	**134.4**	**246.8**	583.1	103.8	731.5	340.5
SSE Thermal	**15.4**	**5.2**	10.5	20.8	20.8	44.5
Gas Storage	**-**	**0.2**	-	6.5	-	6.3
Energy Customer Solutions						
GB Business Energy	**27.8**	**-**	22.2	0.2	38.9	0.4
SSE Airtricity	**8.6**	**0.4**	-	3.8	10.5	-
SSE Enterprise	**11.1**	**4.7**	4.2	14.5	16.2	37.0
SSE Energy Markets	**166.7**	**-**	124.7	-	809.9	-
Corporate unallocated	**12.3**	**25.1**	14.0	31.4	38.4	48.0
Total SSE Group	**381.0**	**939.4**	765.4	667.2	1,688.6	1,500.1
Increase in prepayments related to capital expenditure	**-**	**76.7**	-	2.1	-	6.8
Decrease/(increase) in trade payables related to capital expenditure	**10.9**	**(51.8)**	(34.7)	32.3	(31.8)	132.2
IFRS 15 adjustment	**-**	**(91.4)**	-	(54.0)	-	(80.9)
Lease asset additions	**-**	**(24.9)**	-	(27.4)	-	(78.5)
Less non-cash items:						
Allowances and certificates	**(68.1)**	**-**	(80.3)	-	(208.4)	-
Assets acquired through acquisitions	**-**	**-**	(488.7)	-	(515.2)	-
Net cash outflow	**323.8**	**848.0**	161.7	620.2	933.2	1,479.7

*The comparative has been restated. See note 2(v).

Capital additions do not include assets acquired in acquisitions or assets acquired under leases. Capital additions to intangible assets includes the cash purchase of emissions allowances and certificates £95.2m (2022: £42.0m; March 2023: £596.8m). These purchases are presented in the cash flow statement within operating activities since 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.

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

5. **Segmental information (continued)**
5. **(c) Capital expenditure by segment (continued)**

	Six months ended 30 September 2023							
	Capital additions to intangible assets £m	**Capital additions to property, plant and equipment £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 £m**
Continuing operations								
SSEN Transmission	-	324.8	-	-	-	(1.4)	(80.8)	242.6
SSEN Distribution	4.7	332.2	-	-	(91.4)	-	-	245.5
SSE Renewables	134.4	246.8	67.4	-	-	(1.5)	-	447.1
SSE Thermal	15.4	5.2	17.6	-	-	-	-	38.2
Gas Storage	-	0.2	-	-	-	-	-	0.2
Energy Customer Solutions								
Business Energy	27.8	-	-	-	-	-	-	27.8
SSE Airtricity	8.6	0.4	-	-	-	-	-	9.0
SSE Enterprise	11.1	4.7	-	-	-	(0.6)	-	15.2
SSE Energy Markets	166.7	-	-	(163.3)	-	-	-	3.4
Corporate unallocated	12.3	25.1	9.3	-	-	(21.4)	-	25.3
Total SSE Group	381.0	939.4	94.3	(163.3)	(91.4)	(24.9)	(80.8)	1,054.3

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 (ROCs) 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 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.

5. **Segmental information (continued)**
5. **(c) Capital expenditure by segment (continued)**

	Six months ended 30 September 2022 (restated*)							
	Capital additions to intangible assets £m	**Capital additions to property, plant and equipment £m**	**Capital Investment relating to Joint Ventures and Associates (i) £m**	**Allowances and certificates (ii) £m**	**Customer funded additions (iii) £m**	**Acquired through business combinations (iv) £m**	**Lease asset additions (v) £m**	**Adjusted Investment and Capital Expenditure £m**
Continuing operations								
SSEN Transmission	-	270.9	-	-	-	-	-	270.9
SSEN Distribution	6.7	215.3	-	-	(46.1)	-	(0.1)	175.8
SSE Renewables	583.1	103.8	284.0	-	-	(488.7)	(4.4)	477.8
SSE Thermal	10.5	20.8	57.9	-	-	-	-	89.2
Gas Storage	-	6.5	-	-	-	-	-	6.5
Energy Customer Solutions								
Business Energy	22.2	0.2	-	-	-	-	-	22.4
SSE Airtricity	-	3.8	-	-	-	-	-	3.8
SSE Enterprise	4.2	14.5	-	-	(7.9)	-	(0.3)	10.5
SSE Energy Markets	124.7	-	-	(122.4)	-	-	-	2.3
Corporate unallocated	14.0	31.4	21.2	-	-	-	(22.6)	44.0
Total SSE Group	765.4	667.2	363.1	(122.4)	(54.0)	(488.7)	(27.4)	1,103.2

*The comparatives have been restated. See note 2(v).

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 (ROCs) 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 contributions.
iv) Represents removal of additions achieved through business combinations; for Renewables additions of £488.7m refer to note 11. Note that the Group's Adjusted Investment, Capital and Acquisitions metric includes the £640.m cash consideration paid for Business Combinations and totals £1,743.2m.
v) Represents removal of additions in respect of right of use assets recognised on the commencement date of a lease arrangement.

5. Segmental information (continued)
5. (c) Capital expenditure by segment (continued)

	Year ended 31 March 2023 (restated*)								
	Capital additions to intangible assets £m	Capital additions to property, plant and equipment £m	Capital Investment relating to Joint Ventures and Associates (i) £m	Allowances and certificates (ii) £m	Customer funded additions (iii) £m	Acquired through business combinations (iv) £m	Lease asset additions (v) £m	Share of non-controlling interests (vi) £m	Adjusted Investment and Capital Expenditure £m
Continuing operations									
SSEN Transmission	7.2	536.6	-	-	-	-	(1.6)	(46.7)	495.5
SSEN Distribution	15.2	486.8	-	-	(80.9)	-	(0.1)	-	421.0
SSE Renewables	731.5	340.5	391.8	-	-	(515.2)	(37.1)	-	911.5
SSE Thermal	20.8	44.5	87.9	-	-	-	-	-	153.2
Gas Storage	-	6.3	-	-	-	-	-	-	6.3
Energy Customer Solutions									
Business Energy	38.9	0.4	-	-	-	-	-	-	39.3
SSE Airtricity	10.5	-	-	-	-	-	-	-	10.5
SSE Enterprise	16.2	37.0	-	-	-	-	(2.9)	-	50.3
SSE Energy Markets	809.9	-	-	(805.2)	-	-	-	-	4.7
Corporate unallocated	38.4	48.0	18.7	-	-	-	(36.8)	-	68.3
Total SSE Group	1,688.6	1,500.1	498.4	(805.2)	(80.9)	(515.2)	(78.5)	(46.7)	2,160.6

*The comparative has been restated. See note 2(v).

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 (ROCs) 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 contributions.
iv) Represents removal of additions achieved through business combinations; for Renewables additions of £515.2m refer to note 11. Note that the Group's Adjusted Investment, Capital and Acquisitions metric includes the £642.7m cash consideration paid for Business Combinations and totals £2,803.3m.
v) Represents removal of additions in respect of right of use assets recognised on the commencement date of a lease arrangement.
vi) Represents the share of capital additions attributable to non-controlling interests.

5. Segmental information (continued)

5. (d) Earnings/(losses) before interest, taxation, depreciation and amortisation ('Adjusted EBITDA')

	30 September 2023						
	Adjusted operating profit reported to the Board £m	Depreciation on fair value uplifts £m	Depreciation/ impairment/ amortisation before exceptional charges £m	Joint venture/ Associate share of depreciation and amortisation £m	Release of deferred income £m	Share of non-controllin g interest depreciati on and amortisati on £m	Adjusted EBITDA £m
Continuing operations							
SSEN Transmission	**215.6**	**-**	**63.0**	**-**	**(1.0)**	**(15.7)**	**261.9**
SSEN Distribution	**120.1**	**-**	**94.0**	**-**	**(4.9)**	**-**	**209.2**
SSE Renewables	**86.8**	**(9.4)**	**81.7**	**59.5**	**-**	**-**	**218.6**
SSE Thermal	**312.9**	**-**	**50.7**	**21.4**	**-**	**-**	**385.0**
Gas Storage	**(86.7)**	**-**	**6.2**	**-**	**-**	**-**	**(80.5)**
Energy Customer Solutions							
GB Business Energy	**88.0**	**-**	**3.3**	**-**	**-**	**-**	**91.3**
SSE Airtricity	**5.8**	**-**	**4.1**	**-**	**-**	**-**	**9.9**
SSE Enterprise	**(8.4)**	**-**	**3.2**	**-**	**(0.2)**	**-**	**(5.4)**
SSE Energy Markets	**9.0**	**-**	**2.6**	**-**	**-**	**-**	**11.6**
Corporate							
Corporate unallocated	**(35.2)**	**-**	**34.8**	**-**	**(0.3)**	**-**	**(0.7)**
Neos	**(14.7)**	**-**	**-**	**23.4**	**-**	**-**	**8.7**
Total SSE Group	**693.2**	**(9.4)**	**343.6**	**104.3**	**(6.4)**	**(15.7)**	**1,109.6**

5. Segmental information (continued)

5. (d) Earnings/(losses) before interest, taxation, depreciation and amortisation ('Adjusted EBITDA') (continued)

30 September 2022 (restated*)

	Adjusted operating profit reported to the Board £m	Depreciation on fair value uplifts £m	Depreciation/ impairment/ amortisation before exceptional charges £m	Joint venture/ Associate share of depreciation and amortisation £m	Release of deferred income £m	Adjusted EBITDA £m
Continuing operations						
SSEN Transmission	208.4	-	55.9	-	(1.5)	262.8
SSEN Distribution	174.6	-	89.6	-	(5.5)	258.7
SSE Renewables	15.0	(9.4)	82.1	42.3	-	130.0
SSE Thermal	100.4	-	49.5	10.5	-	160.4
Gas Storage	147.8	-	5.6	-	-	153.4
Energy Customer Solutions						
GB Business Energy	59.4	-	2.1	-	-	61.5
SSE Airtricity	14.9	-	3.6	-	-	18.5
SSE Enterprise	0.6	-	2.5	-	(0.2)	2.9
SSE Energy Markets	30.3	-	2.6	-	-	32.9
Corporate						
Corporate unallocated	(28.9)	-	40.8	-	(0.5)	11.4
Neos	(6.5)	-	-	23.3	-	16.8
Total SSE Group	716.0	(9.4)	334.3	76.1	(7.7)	1,109.3

31 March 2023 (restated*)

	Adjusted operating profit reported to the Board £m	Depreciation on fair value uplifts £m	Depreciation/ impairment/ amortisation before exceptional charges £m	Joint venture/ Associate share of depreciation and amortisation £m	Release of deferred income £m	Share of non-controlling interest depreciation and amortisation £m	Adjusted EBITDA £m
Continuing operations							
SSEN Transmission	372.7	-	114.1	-	(2.1)	(9.7)	475.0
SSEN Distribution	382.4	-	182.2	-	(10.6)	-	554.0
SSE Renewables	561.8	(18.8)	179.8	92.8	(0.1)	-	815.5
SSE Thermal	1,031.9	(10.0)	114.5	60.8	-	-	1,197.2
Gas Storage	212.5	-	16.5	-	-	-	229.0
Energy Customer Solutions							
GB Business Energy	15.7	-	4.7	-	-	-	20.4
SSE Airtricity	5.6	-	6.9	-	-	-	12.5
SSE Enterprise	(7.0)	-	6.8	-	(0.2)	-	(0.4)
SSE Energy Markets	80.4	-	6.0	-	-	-	86.4
Corporate							
Corporate unallocated	(87.0)	-	72.7	-	(0.9)	-	(15.2)
Neos	(39.8)	-	-	47.5	-	-	7.7
Total SSE Group	2,529.2	(28.8)	704.2	201.1	(13.9)	(9.7)	3,382.1

*The comparative has been restated. See note 2(v).

6. Exceptional items and certain re-measurements

Year ended 31 March 2023 £m		Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m
	Continuing operations		
	Exceptional items (note 6.1)		
(233.6)	Asset impairments and related (charges) and credits	**(63.2)**	218.9
-	Other exceptional provisions and charges	**(50.5)**	-
233.2	Net gains on acquisitions/disposals of businesses and other assets	**0.2**	229.8
(0.4)	**Total exceptional items**	**(113.5)**	448.7
	Certain re-measurements (note 6.2)		
(2,708.2)	Movement on operating derivatives	**1.2**	(1,988.3)
(9.0)	Movement in fair value of commodity stocks	**(4.6)**	195.9
201.9	Movement on financing derivatives	**41.0**	243.7
163.8	Share of movement on derivatives in jointly controlled entities (net of tax)	**13.7**	-
(2,351.5)	**Total certain re-measurements**	**51.3**	(1,548.7)
(2,351.9)	**Exceptional items and certain re-measurements on continuing operations before taxation**	**(62.2)**	(1,100.0)
	Taxation		
(34.1)	Taxation on other exceptional items	**3.2**	(63.5)
499.6	Taxation on certain re-measurements	**(8.0)**	275.4
465.5	Taxation	**(4.8)**	211.9
(1,886.4)	**Total exceptional items and certain re-measurements on continuing operations after taxation**	**(67.0)**	(888.1)
	Discontinued operations		
	Exceptional items (note 6.1)		
35.0	Gas Production asset impairments and related credits	**-**	35.0
35.0	**Total exceptional items on discontinued operations after taxation**	**-**	35.0

6. Exceptional items and certain re-measurements (continued)

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

Year ended 31 March 2023 £m		Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m
Continuing operations			
	Cost of sales:		
(2,708.2)	Movement on operating derivatives (note 15)	**1.2**	(1,988.3)
(9.0)	Movement in fair value of commodity stocks	**(4.6)**	195.9
(2,717.2)		**(3.4)**	(1,792.4)
	Operating costs:		
(233.6)	Asset impairments and reversals	**(63.2)**	218.9
3.2	Other exceptional provisions and charges	**(50.5)**	-
(230.4)		**(113.7)**	218.9
	Operating income:		
89.1	Net gains on disposals of businesses and other assets	**-**	89.1
89.1		**-**	89.1
	Joint ventures and associates:		
140.7	Net gains on acquisition of a joint venture	**-**	140.7
163.8	Share of movement on derivatives in jointly controlled entities (net of tax)	**13.7**	-
304.5		**13.7**	140.7
(2,554.0)	**Operating loss:**	**(103.4)**	(1,343.7)
	Finance costs		
201.9	Movement on financing derivatives (note 15)	**41.0**	243.7
0.2	Interest income on deferred consideration receipt	**0.2**	-
202.1		**41.2**	243.7
(2,351.9)	**Loss before taxation on continuing operations**	**(62.2)**	(1,100.0)
Discontinued operations			
35.0	Gas Production asset impairments and related credits	**-**	35.0
35.0	**Profit before tax on discontinued operations**	**-**	35.0

6. Exceptional items and certain re-measurements (continued)

6.1 Exceptional items

Exceptional items recognised within continuing operations in the current financial period ended 30 September 2023

i) Thermal Generation – impairment

At 30 September 2023, observable prices for power and gas have decreased significantly from prices used in the last formal impairment assessment at 31 March 2023. This is considered an indicator of impairment necessitating consideration in relation to balances associated with GB CCGTs, Great Island CCGT and the investment in Triton Power Holdings Limited. Following assessment, it was confirmed that a formal valuation review of the investment in Triton Power Holdings Limited and the Group's Great Island CCGT power station was required. The result of this review has been a recognition of an exceptional impairment of £63.2m against the carrying value of the Group's investment in Triton Power Holdings Limited and no change to the carrying value of Great Island CCGT.

The results of this review in relation to Triton Power Holdings Limited were as follows:

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Investment in Triton Power Holdings Limited	Period to end of life	**Modelling methodology and assumptions** The Group has valued its 50% joint venture investment Triton Power Holdings Limited ('Triton') based on projected cashflows that will be derived from the investment on a value in use ("VIU") basis. The VIU assessment of the Triton power stations (Saltend, Indian Queens and Deeside) were based on pre-tax discounted cash flows expected to be generated by each plant, 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 13.2% (blended).	**Conclusion** The Group has assessed the investment for indicators of impairment. At 30 September 2023 an exceptional impairment of £63.2m has been recognised against the carrying value of the Group's investment within operating costs. Following the impairment, the Group's carrying value of equity investment is £151.6m. **Sensitivity analysis** A 1% decrease in the discount rate would decrease the impairment recognised at 30 September 2023 from £63.2m to £54.4m. A 1% increase in the discount rate would increase the impairment recognised from £63.2m to £71.2m. A 20% increase in gross margin would result in reduce the impairment charge to £47.5m, and a 20% decrease in gross margin would increase the impairment to £79.0m. A £10/KW increase in non-contracted capacity market price would decrease the impairment charge to £44.7m and a £10/KW decrease would increase the impairment charge to £81.9m.

ii) Other exceptional provisions and charges

On adoption of IFRS 17 on 1 April 2022, an opening balance liability of £5.1m was recognised in relation to the Group's exposure to certain guarantee contracts provided to disposed businesses and third parties. The increase in the period of £50.5m represents the Group's estimation of the increasing likelihood of settlement in relation to these contracts including settlement of £12.3m and is considered to be exceptional as it relates to the original transactions.

iii) Other credits

At 30 September 2023, the Group recognised a further exceptional credit of £0.2m relating to the unwind of discounting on deferred consideration recognised as an exceptional item on the part disposal of SSE Slough Multifuel Limited in the year ended 31 March 2021.

Taxation

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

Exceptional items in the year ended 31 March 2023

i) Thermal Electricity Generation – impairment reversal

At 31 March 2023, the Group carried out a formal impairment review to reassess the carrying value of its GB CCGT power stations and the Group's Great Island CCGT plant in Ireland. As a result of the review, the Group recognised an exceptional impairment reversal of £17.8m to the carrying value of the Group's Great Island CCGT plant.

ii) Gas Storage – impairment reversal

At 30 September 2022, the Group recognised an impairment reversal of £201.1m reflecting future market price assumptions at that time. The Group performed a formal impairment review at 31 March 2023 to reassess the carrying value of its Gas Storage operations at Atwick and Aldbrough. As a result of the assessment, the Group recognised an exceptional impairment of £155.4m to the carrying value of the assets at Aldborough, resulting in a net impairment reversal of £45.7m. The impairment previously recognised in relation to Atwick was fully reversed in the year ended 31 March 2022, and no impairment was required for the financial year ended 31 March 2023.

iii) Fiddler's Ferry - land sale

On 30 June 2022, the Fiddlers Ferry site was sold to Peel NRE Developments Limited for cash consideration of £60.0m. The Group carried a decommissioning provision for the site of £53.2m and a residual asset of £24.1m, both of which were disposed of as part of the sale. As a result, the Group recognised an exceptional gain of £89.1m on disposal.

6. Exceptional items and certain re-measurements (continued)

iv) Triton Power 50% joint venture - acquisition and impairment

On 1 September 2022, the Group acquired 50% of the share capital of Triton Power Holdings Limited from Energy Capital Partners for headline consideration of £341.0m, shared equally with co-venturers Equinor (see note 11). The purchase price was agreed based on prices prevalent in the market during the summer, prior to completion of the transaction on 1 September 2022. The Group assessed that, due to movements in near term market observable power prices between the transaction agreement date and the completion date, the fair value of the acquisition was £140.7m greater than the acquisition price. This bargain purchase was recognised as an exceptional gain in the Group's half year results to 30 September 2022. During the second half of the year ended 31 March 2023, the Group realised a significant proportion of the acquired fair value of the business through trading operations of the joint venture. As a result, the future recoverable value of the investment was lower at 31 March 2023 than at 1 September 2022 and the Group therefore recognised an impairment charge at 31 March 2023 of £291.6m. A summary of exceptional items recognised in relation to Triton in the financial year to 31 March 2023 is set out below:

	Financial statement line item charge/(credit) is included within	**Exceptional items and certain re-measurements £m**
Recognition of bargain purchase	*Joint venture and associates share of profit*	**(140.7)**
Impairment of investment	*Operating costs*	**291.6**
Total exceptional items		**150.9**
Mark-to-market movement on operating derivatives	*Joint venture and associates share of movement on derivatives*	**(213.9)**
Share of tax on mark-to-market movement on operating derivatives	*Joint venture and associates share of tax*	**41.9**
Total certain remeasurements		**(172.0)**
Total exceptional items and certain re-measurements		**(21.1)**

v) Neos Networks – investment impairment and adjustments to consideration

At 31 March 2023, the Group assessed that the recoverable amount of its investment in Neos Networks was impaired by £37.7m, of which £5.9m was treated as exceptional. Under the Group's policy, an impairment charge of less than £40.0m is not considered to be an exceptional item. However, £5.9m of the impairment related to the fair value gain previously recognised on acquisition of the joint venture investment in March 2019, which was previously treated as an exceptional item. Therefore, for consistent presentation, this reversal was recognised separately. The balance of the impairment charge, being £31.8m, was recognised as part of adjusted operating profit.

vi) Other credits

At 31 March 2023, the Group recognised further exceptional credits of £3.8m relating to reversal of previously recognised exceptional charges or judgements. These included i) reassessment of separation cost provisions associated primarily with the disposals of SSE Energy Services and SGN (credit of £9.7m) ii) credit of £0.2m in relation 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, iii) reassessment of impairments associated with Heat Networks assets credit of £0.4m, partially offset by iv) £6.5m charge recognised in relation to provisions in connection with the sale of the Contracting and Rail business in June 2021.

Exceptional items within discontinued operations in the year ended 31 March 2023

vii) Gas Production – gain on disposal

On 4 November 2022, RockRose Energy Limited received HMRC clearance in respect of tax treatment in relation to the Group's disposal of its Gas Production business to Viaro Energy (through its subsidiary RockRose Energy Limited), which completed on 14 October 2021. The Group had indemnified RockRose Energy Limited in relation to certain tax liabilities that it might suffer as a result of the transaction, and this formed part of the provision which was recognised on the disposal of the Gas Production business. The HMRC clearance indicated that no such tax liabilities arise for RockRose Energy Limited and as a result the Group released the £35.0m provision relating to the indemnity as an adjustment to the loss on disposal recognised. The adjustment was recognised in discontinued operations in the year ended 31 March 2023.

6.1. **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 GB Business Energy and SSE Airtricity supply businesses, to optimise the value of its SSE Renewables and SSE Thermal power generation assets or to conduct other trading subject to the value at risk limits set out by the Energy Markets Risk Committee. Certain of these contracts (predominately electricity, gas and other commodity purchase contracts) are determined to be derivative financial instruments under IFRS 9 "Financial Instruments" and as such 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 purchased to utilise excess capacity ahead of an optimised sale in the market by the Gas Storage business is held as trading inventory at fair value with changes in value recognised within 'certain re-measurements'. In addition, the mark-to-market valuation movements on the Group's contracts for difference contracts 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 shows 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 30 September 2023, changes in global commodities markets and in SSE's contractual positions have resulted in an adverse net mark-to-market remeasurement on commodity contracts designated as financial instruments, contracts for difference contracts and trading inventory of £3.4m (loss) (2022: £1,792.4m (loss), March 2023: £2,717.2m (loss)). It should be noted that the net IFRS 9 position on operating derivatives at 30 September 2023 is a liability of £400.1m (March 2023: £386.9m liability).

6. Exceptional items and certain re-measurements (continued)

In addition, the Group has executory 'own use' designated commodity contracts which, if classified as financial instruments and remeasured at fair value in accordance with IFRS 9, would improve the total fair value remeasurement and would offset the closing liability value moving it to an asset balance. These predominately relate to financial hedges entered into on behalf of the SSE Renewables and SSE Thermal businesses for future sales which were primarily entered into before the significant decrease in market prices observed in Summer 2023. The majority of the fair value associated with IFRS 9 'in the money' mark-to-market contracts recorded at 30 September 2023 and unvalued 'own use' designated commodity contracts held at the same date are expected to reverse in the second half of the financial year as the relevant commodity is delivered. The remaining settlement of these contracts will predominately be within the subsequent 12 to 24 months. The mark-to-market gain in the period has resulted in a deferred tax charge of £8.0m (2022: £275.4m credit, March 2023: £499.6m credit), which has been reported separately as part of certain re-measurements. In addition, the Group has recognised gains of £41.0m (2022: £243.7m gains, March 2023: £201.9m gains) on the remeasurement of the certain interest rate and foreign exchange contracts through the income statement, gains on the remeasurement of cash flow hedge accounted contracts of £41.3m (2022: £147.9m, March 2023: £43.3m) in other comprehensive income and gains on the equity share of the remeasurement of cash flow hedge accounted contracts in joint ventures of £84.4m (2022: £508.2m, March 2023: £342.4m).

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

7. Finance income and costs

Year ended 31 March 2023 £m		**Six months ended 30 September 2023 £m**	Six months ended 30 September 2022 £m
	Finance income:		
17.5	Interest income from short term deposits	**32.4**	7.9
16.2	Interest on pension scheme assets	**12.8**	7.9
-	Foreign exchange translation of monetary assets and liabilities	**-**	0.1
	Other interest receivable:		
67.6	Joint ventures and associates	**34.4**	30.5
34.2	Other receivable	**24.2**	11.8
101.8		**58.6**	42.3
135.5	**Total finance income**	**103.8**	58.2
	Finance costs:		
(50.1)	Bank loans and overdrafts	**(37.1)**	(14.9)
(339.1)	Other loans and charges	**(144.0)**	(161.6)
(22.1)	Notional interest arising on discounted provisions	**(11.0)**	(7.1)
(29.4)	Lease charges	**(11.7)**	(14.1)
44.0	Less: interest capitalised	**30.0**	19.9
(396.7)	**Total finance costs**	**(173.8)**	(177.8)
201.9	Changes in fair value of financing derivative assets or liabilities at fair value through profit or loss	**41.0**	243.7
(59.3)	**Net finance costs**	**(29.0)**	124.1
	Presented as:		
337.4	**Finance income**	**144.8**	301.9
(396.7)	**Finance costs**	**(173.8)**	(177.8)
(59.3)	**Net finance costs**	**(29.0)**	124.1

Adjusted net finance costs are arrived at after the following adjustments:

Year ended 31 March 2023 £m		**Six months ended 30 September 2023 £m**	Six months ended 30 September 2022 £m
(59.3)	**Net finance income/(costs)**	**(29.0)**	124.1
	(add)/less:		
(70.1)	Share of interest from joint ventures and associates	**(47.8)**	(29.1)
(16.2)	Interest on pension scheme assets	**(12.8)**	(7.9)
(201.9)	Movement on financing derivatives (note 15)	**(41.0)**	(243.7)
(0.2)	Exceptional item	**(0.2)**	-
2.1	Share of net finance cost attributable to non-controlling interests	**2.8**	-
(345.6)	**Adjusted net finance costs**	**(128.0)**	(156.6)
22.1	Notional interest arising on discounted provisions	**11.0**	7.1
29.4	Lease charges	**11.7**	14.1
(38.8)	Hybrid coupon payment	**(73.1)**	(38.8)
(332.9)	**Adjusted net finance costs for interest cover calculations**	**(178.4)**	(174.2)

8. Taxation

The income tax expense for the interim period is calculated in accordance with the principles of IAS 34, where the forecast effective rate of tax for the year is applied to the profits for the period, with discrete items arising in the interim period being separately treated.

The income tax expense reflects the anticipated effective rate of tax on profits before taxation for the Group for the year ending 31 March 2024, taking account of the movement in the deferred tax provision in the period so far as it relates to items recognised in the income statement. The reported tax rate on the profit before tax before exceptional items and certain re-measurements on continuing operations is 21.3% (2022: 15.2%, March 2023: 16.6%). The reported tax rate on the profit before tax after exceptional items and certain remeasurements is 24.4% (2022: 24.0%, March 2023: 53.5%).

The charge recognised in the income statement is as follows:

	Six months ended 30 September 2023			Six months ended 30 September 2022		
	Before exceptional items and remeasurements £m	**Exceptional items and remeasurements £m**	**Total £m**	Before exceptional items and remeasurements £m	Exceptional items and remeasurements £m	Total £m
Current tax						
UK corporation tax	**97.3**	**(22.8)**	**74.5**	51.4	(4.7)	46.7
Adjustments in respect of previous years	**(15.0)**	**-**	**(15.0)**	-	-	-
Total current tax	**82.3**	**(22.8)**	**59.5**	51.4	(4.7)	46.7
Deferred tax						
Current year	**52.9**	**27.6**	**80.5**	38.1	(207.2)	(169.1)
Total deferred tax	**52.9**	**27.6**	**80.5**	38.1	(207.2)	(169.1)
Total taxation charge/(credit)	**135.2**	**4.8**	**140.0**	89.5	(211.9)	(122.4)

	Year ended 31 March 2023		
	Before exceptional items and remeasurements £m	Exceptional items and remeasurements £m	Total £m
Current tax			
UK corporation tax	292.3	(20.9)	271.4
Adjustments in respect of previous years	(22.0)	5.3	(16.7)
Total current tax	270.3	(15.6)	254.7
Deferred tax			
Current year	72.9	(444.6)	(371.7)
Adjustments in respect of previous years	12.3	(5.3)	7.0
Total deferred tax	85.2	(449.9)	(364.7)
Total taxation charge/(credit)	355.5	(465.5)	(110.0)

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:

Year ended 31 March 2023 £m	%		**Six months ended 30 September 2023 £m**	**%**	Six months ended 30 September 2022 £m	%
		Continuing operations				
(110.0)	12.7	Group tax charge/(credit) and effective rate	**140.0**	**24.7**	(122.4)	24.0
364.7	(42.0)	Add: reported deferred tax (charge)/credit and effective rate	**(80.5)**	**(14.2)**	169.1	(33.1)
254.7	(29.3)	Reported current tax charge and effective rate	**59.5**	**10.5**	46.7	(9.1)
	41.0	Effect of adjusting items		**-**		17.5
254.7	11.7	Reported current tax charge and effective rate on adjusted basis	**59.5**	**10.5**	46.7	8.4
		add:				
89.6	4.1	Share of current tax from joint ventures and associates	**10.5**	**1.9**	18.9	3.4
		less:				
15.6	0.7	Current tax charge on exceptional items	**22.8**	**4.0**	4.7	0.8
(1.1)	(0.1)	Share of current tax attributable to non-controlling interests	**(4.4)**	**(0.8)**	-	-
358.8	16.4	**Adjusted current tax charge and effective rate**	**88.4**	**15.6**	70.3	12.6

The adjusted effective current tax rate for the period after adjusting for discrete events arising in the first half of the year is 15.6% (2022: 12.6%). The forecast full-year effective current tax rate is expected to be 17.7%.

Change in UK corporation tax rates

There are no announced or enacted changes in corporation tax rates in the interim period.

Finance Bill 2023 introduced legislation, effective from 1 April 2023 to 31 March 2026, to allow 'Full Expensing' of 100% General Pool plant and machinery, alongside 50% for Special Rate Pool plant and machinery. The Group expects these changes to significantly increase the deductions for Capital Allowances in the financial years ending 31 March 2024 to 31 March 2026.

8. Taxation (continued)

Finance Act (No.2) 2023 also introduced legislation in respect of Multinational Top-up Tax in line with OECD BEPS pillar 2 principles. 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 issued in May 2023.The legislation will come into force for the year ended 31 March 2025. Similar draft legislation has been introduced in the Republic of Ireland and other EU jurisdictions. The Group is assessing the impact of the changes but does not expect a material impact to arise.

The Finance Bill 2021 included draft legislation in respect of Capital Allowance 'Super-deductions' of 130% in respect of General Pool plant and machinery, alongside First Year Allowances of 50% for Special Rate Pool plant and machinery for the two years commencing 1 April 2021. An estimate of the super-deduction has been taken into account when calculating the effective tax for the prior year.

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

9. Dividends

Ordinary dividends

Year ended 31 March 2023				**Six months ended 30 September 2023**			Six months ended 30 September 2022		
Total £m	Settled via scrip £m	Pence per ordinary share		**Total £m**	**Settled via scrip £m**	**Pence per ordinary share**	Total £m	Settled via scrip £m	Pence per ordinary share
-	-	-	Final – year ended 31 March 2023	**738.1**	**29.8**	**67.7**	-	-	-
313.2	159.0	29.0	Interim – year ended 31 March 2023	**-**	**-**	**-**	-	-	-
642.6	322.5	60.2	Final – year ended 31 March 2022	**-**	**-**	**-**	642.6	322.5	60.2
955.8	481.5			**738.1**	**29.8**		642.6	322.5	

The final dividend of 67.7p per ordinary share declared in respect of the financial year ended 31 March 2023 (2022: 60.2p) was approved at the Annual General Meeting on 20 July 2023 and was paid to shareholders on 21 September 2023. 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.

For dividends paid in relation to the financial year ended 31 March 2022 and in relation to the subsequent years to 31 March 2026, the Group’s policy is to repurchase shares to reduce the scrip’s dilutive effects, if the scrip take-up exceeds 25% of the full year dividend in any given year. The overall scrip dividend take-up for the financial year ended 31 March 2023 was 18.0%, and SSE has therefore not initiated a share buy-back in the current period. For the financial year ended 31 March 2022 the overall scrip dividend take-up was 38.3% and therefore under the share buyback programme 6.9m of shares were repurchased and cancelled during the year ended 31 March 2023 for total consideration of £107.6m (including stamp duty and commission).

An interim dividend of 20.0p per ordinary share (2022: 29.0p) has been proposed and is due to be paid on 8 March 2024 to those shareholders on the SSE plc share register on 12 January 2024. The proposed interim dividend has not been included as a liability in these financial statements. A scrip dividend will be offered as an alternative.

10. Earnings/(losses) per share

Basic earnings/(losses) per share

The calculation of basic earnings/(losses) per ordinary share at 30 September 2023 is based on the net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period ended 30 September 2023.

Adjusted earnings per share

Adjusted earnings/(losses) per share has been calculated by excluding the charge for deferred tax, interest on net pension assets under IAS 19, 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.

Continuing operations

Year ended 31 March 2023			**Six months ended 30 September 2023**		Six months ended 30 September 2022	
Earnings /(losses) £m	Earnings /(losses) per share pence		**Earnings £m**	**Earnings per share pence**	Earnings/ (losses) £m	Earnings/ (losses) per share pence
(123.0)	(11.4)	Earnings/(losses) attributable to ordinary shareholders	**309.0**	**28.3**	(392.4)	(36.4)
(35.0)	(3.3)	Less: (Earnings)/losses attributable to discontinued operations	**-**	**-**	(35.0)	(3.3)
(158.0)	(14.7)	**Basic earnings on continuing operations used to calculate adjusted EPS**	**309.0**	**28.3**	(427.4)	(39.7)
1,886.4	175.4	Exceptional items and certain re-measurements (note 6)	**67.0**	**6.1**	888.1	82.4
1,728.4	160.7	Basic excluding exceptional items and certain re-measurements	**376.0**	**34.4**	460.7	42.7
		Adjusted for:				
(50.5)	(4.7)	Gas Production decommissioning adjustments	**(3.5)**	**(0.3)**	(54.5)	(5.1)
28.8	2.7	Depreciation charge on fair value uplifts	**9.4**	**0.9**	9.4	0.9
(16.2)	(1.5)	Interest on net pension scheme assets (note 7)	**(12.8)**	**(1.2)**	(7.9)	(0.7)
85.2	7.9	Deferred tax	**52.9**	**4.9**	38.1	3.6
14.4	1.3	Deferred tax from share of joint ventures and associates	**(12.8)**	**(1.2)**	4.5	0.4
(4.1)	(0.4)	Deferred tax on non-controlling interest	**(5.5)**	**(0.5)**	-	-
1,786.0	166.0	**Adjusted**	**403.7**	**37.0**	450.3	41.8

10. Earnings/(losses) per share (continued)

Year ended 31 March 2023 Losses £m	Year ended 31 March 2023 Losses per share pence		**Six months ended 30 September 2023 Earnings £m**	**Six months ended 30 September 2023 Earnings per share pence**	Six months ended 30 September 2022 Losses £m	Six months ended 30 September 2022 Losses per share pence
(158.0)	(14.7)	**Basic**	**309.0**	**28.3**	(427.4)	(39.7)
-	-	Dilutive effect of outstanding share options	**-**	**-**	-	-
(158.0)	(14.7)	**Diluted**	**309.0**	**28.3**	(427.4)	(39.7)

Reported earnings per share

Year ended 31 March 2023 (Losses)/ earnings £m	Year ended 31 March 2023 (Losses) /earnings per share pence		**Six months ended 30 September 2023 Earnings £m**	**Six months ended 30 September 2023 Earnings per share pence**	Six months ended 30 September 2022 (Losses)/ earnings £m	Six months ended 30 September 2022 (Losses)/ earnings per share pence
		Basic				
(158.0)	(14.7)	Earnings/(losses) per share on continuing operations	**309.0**	**28.3**	(427.4)	(39.7)
35.0	3.3	Earnings/(losses) per share on discontinued operations	**-**	**-**	35.0	3.3
(123.0)	(11.4)	**Earnings/(losses) per share attributable to ordinary shareholders**	**309.0**	**28.3**	(392.4)	(36.4)
-	-	**Dilutive effect of outstanding share options**	**-**	**-**	-	-
(123.0)	(11.4)	**Diluted**	**309.0**	**28.3**	(392.4)	(36.4)

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

Year ended 31 March 2023 Number of shares (millions)		**Six months ended 30 September 2023 Number of shares (millions)**	Six months ended 30 September 2022 Number of shares (millions)
1,075.6	For basic and adjusted earnings per share	**1,090.4**	1,077.2
1.7	Effect of exercise of share options	**2.0**	2.7
1,077.3	For diluted earnings per share	**1,092.4**	1,079.9

11. Acquisitions and disposals

Acquisitions and disposals in the current period

There have been no significant acquisitions and disposals in the current period.

Prior year acquisitions and disposals

Acquisitions

European onshore renewables development platform: On 1 September 2022, the Group completed the 100% acquisition of a European onshore renewable energy development platform from Siemens Gamesa Renewable Energy ("SGRE") for cash consideration of £519.5m. The SGRE portfolio is mainly located in Spain with the remainder across France, Italy and Greece. This acquisition is aligned to the Group's published strategy to pursue overseas renewable opportunities.

The intangible development assets acquired are late-stage windfarm development costs. The goodwill recognised represents early-stage intangible development costs that do not qualify for separate recognition as set out in the table below.

	Fair value at 1 September 2022 £m
Assets acquired and liabilities assumed	
Intangible development assets	104.4
Inventories	3.0
Trade and other receivables	20.3
Cash	11.5
Trade and other payables	(3.5)
Deferred tax liability	(27.0)
Total net assets acquired	108.7
Goodwill	410.8
Cash consideration	519.5

Due to the acquisition date being close to the balance sheet date of 30 September 2022, SSE recognised purchase consideration £488.8m as an intangible asset, as a provisional fair value and £28.0m as working capital.

11. Acquisitions and disposals (continued)

Triton Power - 50% joint venture acquisition: On 1 September 2022, the Group announced that SSE Thermal and Equinor had completed the acquisition of Triton Power Holdings Limited from Energy Capital Partners for headline consideration of £341.0m shared equally. The headline consideration included £96m of loans which were settled on completion of the transaction and replaced with shareholder loans of £48.0m each from SSE and Equinor. The Group's share of the cash consideration paid for the equity investment was therefore £123.2m after completion adjustments. Triton Power operates the 1.2GW Saltend Power Station in the Humber along with two smaller plants, Indian Queens Power Station, a 140MW OCGT in Cornwall, and Deeside Power Station, a decommissioned CCGT in north Wales. An exceptional gain on acquisition of £140.7m was recognised at 30 September 2022 (see note 6) based on movements in the underlying fair value of assets between agreeing and completing the transaction. During the second half of the 2023 financial year a fair value exercise and impairment review were completed which resulted in an impairment loss of £291.6m and a £172.0m gain on financial instruments (net of tax) being recognised.

The joint venture contributed £210.2m to operating profit before exceptional items, but including £10.0m charge for fair value adjustments, in the year to 31 March 2023 on an equity accounted basis.

Other asset acquisitions: During the 12 months ended 31 March 2023, the Group made other smaller asset acquisitions (of special purpose vehicles as opposed to businesses) for cash consideration £19.8m and deferred consideration £34.9m.

The total cash consideration for business combinations during the year ended 31 March 2023 of £642.7m (September 2023: £nil) is included in the Group's Adjusted investment, capital and acquisition metric.

Disposals

During the year ended 31 March 2023 the Group recognised a gain of £868.3m within equity from the sale of a 25% non-controlling equity stake in its SSEN Transmission business (being the company Scottish Hydro Electric Transmission plc ('SHET')) and an exceptional income statement gain of £89.1m from the disposal of the Fiddlers Ferry site.

25% non-controlling equity stake in SHET: On 25 November 2022, the Group announced it had agreed to sell a 25% non-controlling equity stake in SHET to Ontario Teachers Pension Plan ('OTPP') for cash consideration of £1,465.0m, less transactions costs of £16.9m. The transaction completed on 30 November 2022, at which time the consolidated carrying value of SHET's net assets was £2,319.3m. Since the transaction did not result in a loss of control, the Group recognised a gain of £868.3m within equity attributable to owners of the parent company. The Group considered the rights and obligations and operating protocols arising from the disposal and has determined that the non-controlling interest in SHET has the characteristics of equity and has classified the non-controlling interest as such.

	30 November 2022 £m
Carrying value of non-controlling interests disposed	(579.8)
Cash consideration paid by non-controlling interest holder	1,465.0
Transaction costs	(16.9)
Excess of consideration received recognised in equity	**868.3**

Fiddler's Ferry land sale: On 30 June 2022, the Fiddlers Ferry site was sold to Peel NRE Developments Limited for cash proceeds of £60m. The Group released a decommissioning provision related to the site, which resulted in an exceptional gain on disposal of £89.1m.

12. Sources of finance

12.1 Capital management

The Board's policy is to maintain a strong balance sheet and credit rating to support investor, counterparty and market confidence in the Group and to underpin future development of the business. The Group's credit ratings are also important in maintaining an efficient cost of capital and in determining collateral requirements throughout the Group. As at 30 September 2023, the Group's long term credit rating was BBB+ positive outlook for Standard & Poor's and Baa1 stable outlook for Moody's.

The maintenance of a medium-term corporate model is a key control in monitoring the development of the Group's capital structure and allows for detailed scenarios and sensitivity testing. Key ratios drawn from this analysis underpin regular updates 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 issuing bonds denominated in Sterling and Euros as well as private placements and medium-term bank loans including those with the European Investment Bank.

During the period SSE plc issued an 8 year €750m Green Bond at a coupon of 4.0% with an all-in cost of funding rate of just above 4% with fees included. The bond will be left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. In the period, SSE plc also redeemed US Private Placement debt of combined £155.0m and a €700m Eurobond with coupon at 1.75%.

SSE's adjusted net debt and hybrid capital was £8.9bn at 30 September 2023, compared with £8.9bn at 31 March 2023.

Adjusted net debt and hybrid capital is stated after removing lease obligations, external net debt attributable to non-controlling interests and cash posted as collateral in line with the Group's presentation basis which is explained at note 2(i). Cash posted as collateral refers to amounts deposited on commodity trading exchanges which are reported within 'Trade and other receivables' on the face of the balance sheet. That balance was £140.6m (2022: £581.3m; March 2023: £316.3m) at 30 September 2023 and reflects the lower levels of initial and variation margin required, following a reduction in risk factors and lower commodity prices respectively, as part of the management of the Group's exposures on commodity contracts traded on exchanges. The adjustment related to the non-controlling interest share of SHET external net debt is £454.2m at 30 September 2023 (2022: £nil; March 2023: £434.2m) and relates to 25% of external loans of £1,815.1m (2022: £nil; March 2023: £1,744.8m) and overdrawn cash equivalents of £1.6m (2022: £nil; March 2023: cash equivalent of £7.8m).

The Group has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 30 September 2023 there was £903m commercial paper outstanding (March 2023: £919m). In the six months ended 30 September 2023, the Group has issued new debt instruments totalling £650m and has redeemed £204m of maturing debt in the period. The Group also continues to have access to £3.5bn of revolving credit facilities (March 2023: £3.5bn). As at 30 September 2023 there were £220m of drawings against these committed facilities being than 6% utilisation (March 2023: 3% utilisation).

12. Sources of finance (continued)

The details of the five committed facilities as at 30 September 2023 are:

- a £1.3bn revolving credit facility for SSE plc maturing March 2026 (March 2023: £1.3bn);
- a £0.2bn bilateral facility for SSE plc maturing October 2026 (March 2023: £0.2bn);
- a £0.75bn facility for Scottish Hydro Electric Transmission plc maturing November 2026 (March 2023: £0.75bn);
- a £0.25bn facility for Scottish Hydro Electric Distribution plc and Southern Electric Power Distribution plc maturing November 2026 (March 2023: £0.25bn); and
- a £1.0bn committed facility for SSE plc maturing February 2024 (March 2023: £1.0bn).

The £1.3bn revolving credit facility and £0.2bn bilateral facility are both in place to provide back-up to the commercial paper programme and support the Group's capital expenditure plans. The Transmission and Distribution related facilities, both of which have 1 year extension options at the borrower's discretion, were entered into to help cover the capital expenditure and working capital of those businesses. The £1bn committed facility at SSE plc has a 1 year extension option at the lender's discretion and was entered into to provide cover for potential cash collateral requirements, if periods of extreme volatility return to the commodity markets. The only facility that was drawn at 30 September 2023 and 30 March 2023 was the £750m Transmission facility, with £220m (March 2023: £100m) drawn to cover capital expenditure requirements.

The Group capital comprises:

March 2023 (restated*) £m		**September 2023 £m**	September 2022 (restated*) £m
8,654.0	**Total borrowings (excluding lease obligations)**	**8,558.6**	8,976.8
(891.8)	Less: Cash and cash equivalents	**(902.4)**	(289.3)
7,762.2	Net debt (excluding hybrid equity)	**7,656.2**	8,687.5
1,882.4	Hybrid equity	**1,882.4**	1,882.4
(434.2)	External net debt attributable to non-controlling interests	**(454.2)**	-
(316.3)	Cash posted as collateral and other short-term loans	**(140.6)**	(581.3)
8,894.1	Adjusted net debt and hybrid capital	**8,943.8**	9,988.6
8,555.0	**Equity attributable to shareholders of the parent**	**8,129.5**	7,881.6
17,449.1	**Total capital excluding lease obligations**	**17,073.3**	17,870.2

*The comparative information has been restated. See note 3.1.

12.2 Loans and other borrowings

March 2023 £m		**September 2023 £m**	September 2022 £m
	Current		
1,738.5	Short term loans	**1,313.3**	1,323.1
82.1	Lease obligations	**81.6**	76.6
1,820.6		**1,394.9**	1,399.7
	Non-current		
6,915.5	Loans	**7,245.3**	7,653.7
323.8	Lease obligations	**312.8**	312.3
7,239.3		**7,558.1**	7,966.0
9,059.9	**Total loans and borrowings**	**8,953.0**	9,365.7
(891.8)	Cash and cash equivalents	**(902.4)**	(289.3)
8,168.1	**Unadjusted net debt**	**8,050.6**	9,076.4
	Add/(less):		
1,882.4	Hybrid equity (note 13)	**1,882.4**	1,882.4
(434.2)	External net debt attributable to non-controlling interests	**(454.2)**	-
(405.9)	Lease obligations	**(394.4)**	(388.9)
(316.3)	Cash posted as collateral and other short term loans	**(140.6)**	(581.3)
8,894.1	**Adjusted net debt and hybrid capital**	**8,943.8**	9,988.6

SSE's adjusted net debt and hybrid capital was £8.9bn at 30 September 2023, compared with £8.9bn at 31 March 2023 and £10.0bn at 30 September 2022.

Adjusted net debt and hybrid capital is stated after removing lease obligations, external net debt attributed to non-controlling interests and cash posted as collateral in line with the Group's presentation basis which is explained at note 2(i). Cash posted as collateral refers to amounts deposited on commodity trading exchanges which are reported within 'Trade and other receivables' on the face of the balance sheet.

12.3 Reconciliation of net increase in cash and cash equivalents to movement in adjusted net debt and hybrid capital

March 2023 £m		**September 2023 £m**	September 2022 £m
(157.5)	(Decrease)/increase in cash and cash equivalents	**10.6**	(760.0)
	Add/(less)		
(1,914.7)	New borrowing proceeds	**(1,751.0)**	(2,068.6)
(831.4)	New hybrid equity proceeds	**-**	(831.4)
2,148.1	Repayment of borrowings	**1,738.8**	1,998.2
(216.2)	Non-cash movement on borrowings	**107.6**	(235.2)
434.2	External debt attributable to non-controlling interests	**20.0**	-
241.6	Increase/(decrease) in cash posted as collateral and other short term loans	**(175.7)**	506.6
(295.9)	**Increase in adjusted net debt and hybrid capital**	**(49.7)**	(1,390.4)

12. Sources of finance (continued)

12.4 Equity attributable to non-controlling interests

Equity attributable to non-wholly owned but controlled subsidiaries which are consolidated within the condensed interim financial statements of the Group under IFRS. At 30 September 2023 the amount attributable to non-controlling interests is £703.4m (2022: £48.6m; March 2023: £649.1m), which relates to SHET of £660.8m (2022: £nil; March 2023: £606.5m) and SSE Pacifico £42.6m (2022: £48.6m; March 2023 £42.6m). The profit and loss attributable to non-controlling interests for the period ended 30 September 2023 is £51.2m profit (2022: £nil; March 2023: £23.6m), which relates to SHET £51.7m profit (March 2023: £25.5m profit) and SSE Pacifico £0.5m loss (March 2023: £1.9m loss).

13. Hybrid Equity

March 2023 £m	**Perpetual subordinated capital securities**	**September 2023 £m**	September 2022 £m
598.0	GBP 600m 3.74% perpetual subordinated capital securities (i)	**598.0**	598.0
453.0	EUR 500m 3.125% perpetual subordinated capital securities (i)	**453.0**	453.0
831.4	EUR 1,000m 4.00% perpetual subordinated capital securities (ii)	**831.4**	831.4
1,882.4		**1,882.4**	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 discretionary 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 21 April.

Coupon Payments

In relation to the £600m hybrid equity bond a discretionary coupon payment of £22.4m (March 2023: £22.4m) was made on 14 April 2023 and for the €500m hybrid equity bond a discretionary coupon payment of £16.5m (March 2023: £16.4m) was made on 14 July 2023. The first discretionary coupon payment on the €1bn hybrid equity bond of £34.2m was paid on 21 April 2023. The coupon payments in the six month period to 30 September 2023 consequently totalled £73.1m (2022: £38.8m).

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.

14. Share capital

	Number (millions)	**£m**
Allotted, called up and fully paid:		
At 1 April 2023	1,093.9	547.0
Issue of shares	1.8	0.9
At 30 September 2023	**1,095.7**	**547.9**

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.

Shareholders were able to elect to receive ordinary shares in place of the final dividend for the year to 31 March 2023 of 67.7p per ordinary share (2022: 60.2p in relation to the final dividend for the year to 31 March 2022; March 2023: 29.0p in relation to the interim dividend for the year to 31 March 2023) under the terms of the Company's scrip dividend scheme. This resulted in the issue of 1,779,529 (2022: 18,241,941; March 2023: 18,241,941 and 9,413,103) new fully paid ordinary shares.

In addition, the Company issued 40k shares (2022: 33k, March 2023: 1.9m) during the period under the savings-related share option schemes and discretionary share option schemes (all of which were settled by shares held in Treasury) for a consideration of £0.4m (2022: £0.5m, March 2023: £18.0m).

Under the share buyback programme in the year to 31 March 2023 6.9m of shares were repurchased and cancelled for a total consideration of £107.6m (including stamp duty and commission). The nominal value of share capital repurchased and cancelled is transferred out of share capital and into the capital redemption reserve. The scrip dividend take-up for the financial year ended 31 March 2023 was 18.0%, which is below the 25.0% required by the share buyback programme, therefore there will be no share buybacks in the financial year ended 31 March 2024.

Of the 1,095.7m (2022: 1,091.3m, March 2023: 1,093.9m) shares in issue, 3.6m (2022: 5.4m, March 2023: 3.6m) are held as treasury shares. These shares will be held by the Group and used to award shares to employees under the Sharesave scheme in the UK.

During the period, on behalf of the Company, the employee share trust purchased 1.2m shares (2022: 1.3m, March 2023: 1.4m) for a consideration of £19.7m (2022: £21.7m, March 2023: £23.4m) to be held in trust for the benefit of employee share schemes.

15. Financial risk management

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 hedge exposure to these risks.

SSE has a Group wide Risk Committee reporting to the Group Executive Committee, which is responsible for reviewing the strategic, market, credit, operational and liquidity risks and exposures that arise from the Group's operating activities. 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 Group Finance Director (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 period ended 30 September 2023, the Group continued to be exposed to the economic conditions impacting the primary commodities to which it is exposed (Gas, Carbon and Power) due to the ongoing impacts from the war in Ukraine and other global factors. The Group's approach to hedging, and the diversity of its energy portfolios (across Wind, Hydro, Thermal and Customers) has provided significant certain mitigation of these exposures.

The Group's policy in relation to liquidity risk continues to be to ensure, in so 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 its reputation. Further detail is noted in the Group's financial statements at 31 March 2023.

For financial reporting purposes, the Group has classified derivative financial instruments into two categories, operating derivatives and financing derivatives. Operating derivatives relate to all qualifying commodity contracts including those for electricity, gas, oil, coal 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 net movement reflected in the interim income statement can be summarised as follows:

Year ended 31 March 2023 £m		**Six months ended 30 September 2023 £m**	Six months ended 30 September 2022 £m
	Operating derivatives		
(2,980.2)	Total result on operating derivatives (i)	**(498.2)**	(1,044.0)
272.0	Less: amounts settled (ii)	**499.4**	(944.3)
(2,708.2)	**Movement in unrealised derivatives**	**1.2**	(1,988.3)
	Financing derivatives (and hedged items)		
81.3	Total result on financing derivatives (i)	**211.9**	225.0
120.6	Less: amounts settled (ii)	**(170.9)**	18.7
201.9	**Movement in unrealised derivatives**	**41.0**	243.7
(2,506.3)	**Net income statement impact**	**42.2**	(1,744.6)

(i) Total result on derivatives in the income statement represents the total amounts (charged) or credited to the income statement in respect of operating and financial derivatives.

(ii) Amounts settled in the period represent the result on derivatives transacted which have matured or been delivered and have been included within the total result on derivatives.

The movement in unrealised operating derivatives excludes a £13.7m loss (2022: £19.3m gain; March 2023: £16.6m gain) on proprietary trades, which have been recognised in the underlying profit of the Group.

15. Financial risk management (continued)

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

March 2023 (restated*) Carrying value £m	March 2023 (restated*) Fair value £m		**September 2023 Carrying value £m**	**September 2023 Fair value £m**	September 2022 (restated*) Carrying value £m	September 2022 (restated*) Fair value £m
		Financial Assets				
		Current				
1,404.0	1,404.0	Trade receivables	**1,096.7**	**1,096.7**	1,570.3	1,570.3
12.7	12.7	Other receivables	**11.1**	**11.1**	109.2	109.2
316.3	316.3	Cash collateral and other short term loans	**140.6**	**140.6**	1,113.1	1,113.1
891.8	891.8	Cash and cash equivalents	**902.4**	**902.4**	289.3	289.3
759.2	759.2	Derivative financial assets	**262.6**	**262.6**	2,677.2	2,677.2
3,384.0	3,384.0		**2,413.4**	**2,413.4**	5,759.1	5,759.1
		Non-current				
27.4	27.4	Unquoted equity investments	**2.9**	**2.9**	18.0	18.0
149.5	149.5	Loan note receivable	**159.5**	**159.5**	145.2	145.2
1,114.6	1,114.6	Loans to associates and jointly controlled entities	**1,196.8**	**1,196.8**	886.0	886.0
246.0	246.0	Derivative financial assets	**132.4**	**132.4**	1,124.7	1,124.7
1,537.5	1,537.5		**1,491.6**	**1,491.6**	2,173.9	2,173.9
4,921.5	4,921.5		**3,905.0**	**3,905.0**	7,933.0	7,933.0
		Financial Liabilities				
		Current				
(694.6)	(694.6)	Trade payables	**(622.5)**	**(622.5)**	(986.9)	(986.9)
-	-	Outstanding liquid funds	**-**	**-**	(531.8)	(531.8)
(1,738.5)	(1,747.8)	Loans and borrowings	**(1,313.3)**	**(1,392.4)**	(1,323.1)	(1,335.3)
(82.1)	(82.1)	Lease liabilities	**(81.6)**	**(81.6)**	(76.6)	(76.6)
(4.0)	(4.0)	Financial guarantee liabilities	**(47.0)**	**(47.0)**	(4.0)	(4.0)
(243.3)	(243.3)	Derivative financial liabilities	**(505.2)**	**(505.2)**	(2,195.4)	(2,195.4)
(2,762.5)	(2,771.8)		**(2,569.6)**	**(2,648.7)**	(5,117.8)	(5,130.0)
		Non-current				
(6,915.5)	(6,458.4)	Loans and borrowings	**(7,245.3)**	**(6,412.5)**	(7,653.7)	(6,898.1)
(323.8)	(323.8)	Lease liabilities	**(312.8)**	**(312.8)**	(312.3)	(312.3)
(57.4)	(57.4)	Financial guarantee liabilities	**(34.5)**	**(34.5)**	(57.4)	(57.4)
(1,021.0)	(1,021.0)	Derivative financial liabilities	**(197.9)**	**(197.9)**	(956.7)	(956.7)
(8,317.7)	(7,860.6)		**(7,790.5)**	**(6,957.7)**	(8,980.1)	(8,224.5)
(11,080.2)	(10,632.4)		**(10,360.1)**	**(9,606.4)**	(14,097.9)	(13,354.5)
(6,158.7)	(5,710.9)	**Net financial liabilities**	**(6,455.1)**	**(5,701.4)**	(6,164.9)	(5,421.5)

*The comparative information has been restated to include financial guarantee liabilities. See note 3.1.

Fair value hierarchy

The following tables provide 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.

	September 2023 Level 1 £m	**September 2023 Level 2 £m**	**September 2023 Level 3 £m**	**September 2023 Total £m**	September 2022 Level 1 £m	September 2022 Level 2 £m	September 2022 Level 3 £m	September 2022 Total £m
Financial assets								
Energy derivatives	**-**	**224.8**	**-**	**224.8**	-	3,402.4	-	3,402.4
Interest rate derivatives	**-**	**155.1**	**-**	**155.1**	-	360.6	-	360.6
Foreign exchange derivatives	**-**	**15.1**	**-**	**15.1**	-	38.9	-	38.9
Unquoted equity instruments	**-**	**-**	**2.9**	**2.9**	-	-	18.0	18.0
	-	**395.0**	**2.9**	**397.9**	-	3,801.9	18.0	3,819.9
Financial liabilities								
Energy derivatives	**(37.3)**	**(507.1)**	**(80.5)**	**(624.9)**	(9.5)	(3,062.9)	-	(3,072.4)
Interest rate derivatives	**-**	**(60.7)**	**-**	**(60.7)**	-	(54.6)	-	(54.6)
Foreign exchange derivatives	**-**	**(17.5)**	**-**	**(17.5)**	-	(25.1)	-	(25.1)
Loans and borrowings	**-**	**(37.1)**	**-**	**(37.1)**	-	(199.3)	-	(199.3)
	(37.3)	**(622.4)**	**(80.5)**	**(740.2)**	(9.5)	(3,341.9)	-	(3,351.4)

15. Financial risk management (continued)

	March 2023			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Energy derivatives	-	743.9	22.0	765.9
Interest rate derivatives	-	227.8	-	227.8
Foreign exchange derivatives	-	11.5	-	11.5
Unquoted equity instruments	-	-	27.4	27.4
	-	983.2	49.4	1,032.6
Financial liabilities				
Energy derivatives	(189.6)	(939.4)	(23.8)	(1,152.8)
Interest rate derivatives	-	(92.6)	-	(92.6)
Foreign exchange derivatives	-	(18.9)	-	(18.9)
Loans and borrowings	-	(154.6)	-	(154.6)
	(189.6)	(1,205.5)	(23.8)	(1,418.9)

There were no significant transfers out of Level 1 into Level 2 and out of Level 2 into Level 1 during the 6 months ended 30 September 2023 (2022: none, March 2023: none). There were no significant transfers out of Level 2 into Level 3 and out of Level 3 into Level 2 during the 6 months ended 30 September 2023 (2022: none, March 2023: none).

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:

31 March 2023 £m		**30 September 2023 £m**	30 September 2022 £m
8.7	Level 3 financial instruments fair value at 1 April	**25.6**	8.7
-	Transfer from financial assets (note 2(v))	**(24.1)**	-
18.7	Additions (cash contributions)	**-**	9.3
(1.8)	Remeasurement loss recognise in income statement	**(78.7)**	-
-	Remeasurement loss recognised in other comprehensive income	**(0.4)**	-
400.1	Additions – new instruments entered in the period	**-**	-
(400.1)	Deferred day 1 gains on instruments entered in the period	**-**	-
25.6	**Level 3 financial instruments fair value**	**(77.6)**	18.0

16. Retirement benefit obligations

Defined Benefit Schemes

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 Group also has an Employer Financed Retirement Benefit Scheme and a defined contribution scheme, SSE Pensions+ under a master trust with Aviva, details of which were provided in the Group's Financial Statements to 31 March 2023.

Summary of Defined Benefit Pension Schemes:

Movement recognised in the SoCI March 2023 £m	Pension asset March 2023 £m		**Movement recognised in respect of the pension asset in the SoCI September 2023 £m**	September 2022 £m	**Pension asset September 2023 £m**	September 2022 £m
(152.0)	366.6	Scottish Hydro Electric	**(47.7)**	(105.9)	**324.2**	413.4
72.8	174.5	SSE Southern	**(102.1)**	150.3	**86.8**	235.1
(79.2)	541.1	**Net actuarial (loss)/gain and combined assets**	**(149.8)**	44.4	**411.0**	648.5

The last triennial actuarial valuation of the Scottish Hydro Electric Pension Scheme was carried out as at 31 March 2021 and showed a surplus of £268.3m on a projected unit basis. Following this valuation, the Group agreed a new schedule of contributions which does not require contributions to be paid to the scheme, unless there is a deficit on the valuation basis for two successive quarterly valuations. Consequently, the Group has not and is not expected to make contributions to the scheme in the year ending 31 March 2024.

The last triennial actuarial valuation of the SSE Southern Group of the Electricity Supply Pension Scheme as at 31 March 2022 showed a deficit of £79.6m on a projected unit basis. Following this valuation, the Group agreed to a new schedule of contributions which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 March 2027. The Group also pays contributions in respect of current accrual. Total contributions of approximately £28.2m are expected to be paid by the Group during the year ending on 31 March 2024, including deficit repair contributions of £16.3m of which £9.1m have been paid to 30 September 2023. The deficit repair contribution will be made annually until March 2027, increasing in line with inflation each year.

16. Retirement benefit obligations (continued)

A summary of the movement presented in the statement of comprehensive income is shown below:

Year ended 31 March 2023 £m		**Six months ended 30 September 2023 £m**	Six months ended 30 September 2022 £m
(79.2)	Actuarial (losses)/gains recognised	**(149.8)**	44.4
19.8	Deferred tax thereon	**37.5**	(11.1)
(59.4)	**Net (loss)/gain recognised in statement of comprehensive income**	**(112.3)**	33.3

The major assumptions used by the actuaries in both schemes in preparing the IAS19 valuations were:

March 2023		**September 2023**	September 2022
3.5%	Rate of increase in pensionable salaries	**3.5%**	4.1%
3.2%	Rate of increase in pension payments	**3.2%**	3.6%
4.8%	Discount rate	**5.5%**	5.2%
3.2%	Inflation rate	**3.2%**	3.6%

The assumptions relating to longevity underlying the pension liabilities 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:

March 2023			**September 2023**		September 2022	
Male	Female		**Male**	**Female**	Male	Female
		Scottish Hydro Electric Pension Scheme				
22	24	Currently aged 65	**22**	**24**	22	24
24	26	Currently aged 45	**24**	**26**	24	27
		SSE Southern Pension Scheme				
22	24	Currently aged 65	**22**	**25**	23	25
24	26	Currently aged 45	**24**	**26**	24	26

17. Capital commitments

March 2023 £m		**September 2023 £m**	September 2022 £m
	Capital Expenditure		
1,035.6	Contracted for but not provided	**1,190.0**	848.2

18. Related party transactions

The following transactions took place during the period 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.

	September 2023				September 2022			
	Sale of goods and services	**Purchase of goods and services**	**Amounts owed from**	**Amounts owed to**	Sale of goods and services	Purchase of goods and services	Amounts owed from	Amounts owed to
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Joint ventures:								
Marchwood Power Limited	**0.4**	**(17.4)**	**-**	**(17.7)**	56.7	(125.5)	-	(34.7)
Clyde Windfarm (Scotland) Limited	**2.8**	**(53.9)**	**-**	**(32.2)**	2.4	(124.9)	1.6	(48.6)
Beatrice Offshore Windfarm Limited	**2.6**	**(30.9)**	**2.7**	**(7.4)**	2.3	(83.9)	1.3	(18.9)
Stronelairg Windfarm Limited	**1.3**	**(29.2)**	**-**	**(17.2)**	1.1	(74.1)	-	(28.4)
Dunmaglass Windfarm Limited	**0.6**	**(13.2)**	**-**	**(7.4)**	0.5	(34.1)	-	(13.1)
Neos Networks Limited	**1.8**	**(14.6)**	**2.3**	**(3.9)**	2.8	(11.7)	52.8	(19.0)
Seagreen Wind Energy Limited	**14.3**	**(30.5)**	**10.3**	**(10.2)**	14.8	(4.7)	13.7	(4.5)
Doggerbank A, B and C	**17.2**	**-**	**13.0**	**-**	12.4	-	7.1	-
Other Joint Ventures	**8.2**	**(64.5)**	**3.0**	**(45.0)**	5.5	(90.3)	1.8	(46.6)

	March 2023			
	Sale of goods and services £m	Purchase of goods and services £m	Amounts owed from £m	Amounts owed to £m
Joint ventures:				
Marchwood Power Limited	122.4	(228.5)	-	(16.8)
Clyde Windfarm (Scotland) Limited	4.8	(280.5)	0.1	(49.5)
Beatrice Offshore Windfarm Limited	4.7	(176.5)	1.0	(8.7)
Stronelairg Windfarm Limited	2.4	(146.2)	-	(21.7)
Dunmaglass Windfarm Limited	1.1	(66.4)	-	(9.1)
Neos Networks Limited	3.8	(23.8)	46.2	(5.8)
Seagreen Wind Energy Limited	35.2	(44.4)	22.9	(7.5)
Doggerbank A, B and C	25.4	-	7.6	-
Other Joint Ventures	14.0	(219.2)	1.1	(50.8)

18. Related party transactions (continued)

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

The amounts outstanding are trading balances, are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by the related parties.

In addition to the above at 30 September 2023, the Group was owed the following loans from its principal joint ventures: Marchwood Power Limited £19.0m (2022: £32.6m, March 2023: £25.7m); Triton Power Holdings Limited £nil (2022: £48.0m, March 2023: £nil); Clyde Windfarm (Scotland) Limited £127.1m (2022: £127.1m, March 2023: £127.1m); Dunmaglass Windfarm Limited £46.5m (2022: £46.5m, March 2023: £46.6m); Stronelairg Windfarm Limited £88.7m (2022: £88.7m, March 2023: £88.7m); Neos Networks Limited £103.1m (2022: £51.6m, March 2023: £56.0m); Seagreen Wind Energy Limited £611.4m (2022: £344.1m, March 2023: £593.1m) and SSE Slough Multifuel Limited £143.9m (2022: £102.0m, March 2023: £128.0m).

19. Seasonality of operations

Certain activities of the Group are affected by weather and temperature conditions and seasonal market price fluctuations. As a result of this, the amounts reported for the interim period may not be indicative of the amounts that will be reported for the full year due to seasonal fluctuations in customer demand for gas, electricity and services, the impact of weather on demand, renewable generation output and commodity prices and market changes in commodity prices. In Transmission and Distribution, the volumes of electricity and gas distributed or transmitted across network assets are dependent on levels of customer demand which are generally higher in winter months. In GB Business Energy and SSE Airtricity, notable seasonal effects include the impact on customer demand of warmer temperatures in the first half of the financial year and the procurement prices in summer versus winter. In Thermal Generation and Renewables, there is the impact of lower Renewables production in the summer as well as the related impact on commodity prices, which was not as pronounced as in the previous year due to more available market capacity. The weather impact on Renewable generation production in relation to hydro and wind assets is particularly affected by seasonal fluctuation. The impact of temperature on customer demand for gas is more volatile than the equivalent demand for electricity. The Gas Storage business' activity is partly to manage seasonal risk across summer/winter gas price spreads and its profitability is impacted by the extent to which optimisation gains or losses can be achieved.

PRINCIPAL RISKS AND UNCERTAINTIES

SSE's established Risk Management Framework and wider system of internal control continues to inform strategic decision-making in 2023/24. This, combined with a resilient business model, helps the Group manage and minimise the human, operational and financial impacts from external conditions such as volatile commodity prices and to meet its objective of supporting the reliable supply of electricity to those who needed it.

The Directors regularly monitor the Principal Risks and Uncertainties of the Group and have determined that those reported in the 2023 Annual Report and summarised below remain relevant for the remaining half of the financial year.

- Climate Change
- Cyber Security and Resilience
- Energy Affordability **
- Energy Infrastructure Failure
- Financial Liabilities
- Large Capital Projects Management
- People and Culture
- Political and Regulatory Change **
- Portfolio Exposure **
- Safety and the Environment *
- Speed of Change

* Safety remains SSE's most important value, and management of this risk remains SSE's highest priority.
** It should be noted that Energy Affordability is particularly closely linked to – and therefore impacted by – Political and Regulatory Change and Portfolio Exposure.

An essential tenet of SSE's Risk Management process is the consideration of potential emerging risks and whether any of those identified have the potential to become a Group Principal risk in the medium to long-term. While no new emerging Principal Risks were identified during the 22/23 review, important revisions have been made to the descriptions of each Principal Risk to take account of key changes and corresponding mitigations that were introduced during the year.

For more information on these risks, and the wider system of internal control, please refer to pages 68 to 77 of the SSE plc 2023 Annual Report which is available on the company website www.sse.com.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

We confirm that to the best of our knowledge:

i) the condensed set of financial statements has been prepared in accordance with UK adopted IAS 34 *Interim Financial Reporting*;

ii) the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

(c) DTR 4.2.10 of the *Disclosure and Transparency Rules*, being the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole.

For and on behalf of the Board

Alistair Phillips-Davies	Gregor Alexander
Chief Executive	Finance Director

London

14 November 2023

INDEPENDENT REVIEW REPORT TO SSE PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes 1 to 19. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

Glasgow

14 November 2023