

Company registration number 08180541 (England and Wales)

GREATER GABBARD OFTO PLC
REGULATORY ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2025

GREATER GABBARD OFTO PLC

COMPANY INFORMATION

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GREATER GABBARD OFTO PLC

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GREATER GABBARD OFTO PLC

A description of these regulatory accounts

Introduction

Greater Gabbard OFTO Plc (“the Company” and “the licensee”), is a holder of an Offshore Electricity Transmission Licence (“the licence”) granted under the Electricity Act 1989. The licence was awarded to the Company on 26 November 2013 by The Gas and Electricity Markets Authority (“the Authority”). Under standard condition E2 of this licence, we are required to prepare and publish annual regulatory accounts setting out the financial position and performance of the regulatory business covered by the licence.

Scope of the regulatory accounts

These regulatory accounts are prepared in respect of the licensee’s regulatory transmission business. The Company only has one activity – that being the operation of its regulated transmission business; consequently, the regulatory financial statements contained herein reflect the same scope as that reported in the Company’s statutory accounts for the year ended 31 March 2016 as prepared in accordance with section 396 of the Companies Act 2006.

Content of the regulatory accounts

In accordance with the licence these regulatory accounts comprise:

- an Operating and Financial Review commencing on page 1;
- a Directors’ Report commencing on page 17;
- a Corporate governance statement commencing on page 21;
- a Statement of Directors’ responsibilities for preparing regulatory accounts on page 20;
- the Independent auditor’s report on the regulatory accounts commencing on page 24;
- regulatory financial statements commencing on page 28;
- a statement showing transactions between the Company and its ultimate controller and other related disclosures. The information required by this statement is shown in note 22 to the regulatory financial statements “related party transactions” on page 49.

Relationship of regulatory accounting statements with statutory accounts

The financial information contained in these regulatory accounting statements does not constitute statutory accounts within the meaning of section 396 of the Companies Act 2006. Statutory accounts for the Company for the year ended 31 March 2025, to which the financial information relates, will be delivered to the registrar of Companies.

The auditor has made a report under Section 495 of the Companies Act 2006 on those statutory accounts which was unqualified and did not contain a statement under Section 498(2) or (3) of the Act. The auditor’s opinion on the Company’s statutory accounts is addressed to, and for the benefit of, the members of the Company and not for any other person or purpose. The auditor has clarified, in giving their opinion on those statutory accounts, that it has been prepared for and only for the Company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. In giving their opinion, they do not accept or assume responsibility for any other purposes or to any other person to whom their audit report on the statutory accounts is shown or into whose hands it may come save where expressly agreed by their prior consent in writing.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 MARCH 2025

Introduction

This Operating and Financial Review explains the operations of Greater Gabbard OFTO Plc ("Company") and the main trends and factors underlying the development and performance of the Company during the year ended 31 March 2025, as well as those matters which are likely to affect its future development and performance.

Greater Gabbard OFTO Holdings Limited ("GGOHL") is an investment holding company whose sole business is the holdings of investments in its wholly owned subsidiaries, Greater Gabbard OFTO Intermediate Limited and Greater Gabbard OFTO Plc, which together form the Greater Gabbard OFTO Group ("the Group").

GGOHL's subsidiary Greater Gabbard OFTO Plc (the "Company" and "the licensee"), is a public company limited by shares and a holder of an Offshore Electricity Transmission Licence ("the Licence") granted under the Electricity Act 1989. The Licence was awarded to the Company on 26 November 2013 by The Gas and Electricity Markets Authority ("the Authority").

The ultimate controlling parties of the Group are Equitix Transmission 2 Ltd and Equitix Capital Investors UK Cable Limited. The Group companies are registered in England and Wales, United Kingdom.

The Company's principal activity is to provide an electricity transmission service to National Grid Electricity System Operator Ltd ("NGESO") - the electricity transmission system operator for Great Britain. The Company owns and operates a transmission system that electrically connects an offshore wind farm generator to the onshore transmission system operated by NGESO.

Background

The Office of Gas and Electricity Markets ("Ofgem"), in partnership with the Department for Energy, Security and Net Zero, has developed a regulatory regime for electricity transmission networks connecting offshore wind farms to the onshore electricity system. A key feature of this regime is that the transmission assets required by offshore generators should be owned and operated by offshore transmission owners ("OFTOs"). OFTOs are subject to the conditions of a transmission licence.

The Company holds the Licence, awarded by the Authority on 26 November 2013. The asset was purchased by the use of bonds and subordinated debt. This Licence, amongst other matters, permits and requires the Company to maintain and operate the Greater Gabbard offshore electricity transmission assets in perpetuity with a revenue entitlement period of 20 years from the date funds were drawn on 29 November 2013. The Company's offshore electricity transmission system exports the output of the Greater Gabbard wind farm owned by Greater Gabbard Offshore Winds Limited ("GGOWL") to NGESO's onshore electricity transmission system.

The Electricity and Gas (Internal Markets) Regulations 2011 require all transmission system operators such as the Company to be certified as complying with the unbundling requirements of European Parliament Directive concerning common rules for the internal market in electricity ("the third package"). This is essentially a separation of control between the electricity generators and transmission owners. On 2 August 2013, the Company was issued a certificate pursuant to section 10D of the Electricity Act 1989 by the Authority confirming its compliance with the third package requirements. The Company has ongoing obligations and is required to make certain ongoing declarations to the Authority to ensure compliance with the terms of the certificate which it has met through to the date of this report.

The Company's offshore electricity transmission system

The Company transmits the electrical power of the Greater Gabbard wind farm from the offshore connection point of the Company's electrical assets with the electrical assets owned by GGOWL to the onshore connection point of the Company's assets with the electricity transmission system of NGESO. The roles and responsibilities of parties at electrical connection points are dealt with through Interface Agreements and industry codes.

The Greater Gabbard offshore wind farm comprises 140 turbines, with a combined capacity of around 504 megawatts ("MW"), and is located off the Suffolk coast in two zones approximately 40km east of Harwich in the Thames Estuary. The power that is generated by the wind farm is transported to shore by the Company and connects into the NGESO system at Sizewell in Suffolk.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

The Company's offshore electricity transmission system (continued)

The wind farm turbines are interconnected in "strings" by medium voltage (33kV) submarine cables that act as a power collection and transport system. The medium voltage cables are owned by GGOWL and run to the offshore electricity substations that are owned by the Company. At the Inner Gabbard offshore electricity substation the voltage is "stepped up" to 132kV by an electrical transformer and then transported to land by three 45.5km high voltage submarine cables buried in the sea bed. There is a further high voltage submarine cable, 16km in length, which connects the Galloper OSP (off shore platform) to the Inner Gabbard OSP. At landfall the submarine cable is joined to a buried land cable that runs for 0.59km to the Company's onshore electricity substation at Sizewell. At the Leiston substation the power factor of the electricity is corrected using reactive compensation equipment and the transported power is then connected into NGESO's electricity transmission system.

The Company's long term business objectives

The Company is a special purpose vehicle formed to hold the Licence. Its non-financial objectives are, therefore, consistent with the objectives of the Licence. The Company will achieve these objectives by compliance with the Licence, industry codes and legislation and by operating and maintaining its transmission system in accordance with good industry practice.

The Company's financial objective is to provide financial returns to shareholders consistent with, or in excess of, the business plan that supported its tender offer for the Greater Gabbard offshore transmission system. The Company will achieve this objective by:

- meeting its revenue targets by operating the transmission system at availability levels equal to, or higher than, the Licence target;
- adopting and maintaining a financing structure that is, as a minimum, as efficient as that contemplated by the business plan; and
- controlling costs and seeking efficiency improvements.

The Company's operating model

The Company's operating model is to outsource all operational and maintenance ("O&M") activities including asset management capability. O&M activities are outsourced to EDS HV Management Limited ("EDS"). Equitix Management Services Limited ("EMS") performs certain financial and management services to the Company through a Professional Services Agreement ("PSA"). As part of its general asset management responsibilities EMS fulfils the role of an 'informed buyer' to ensure that the outsourced O&M services are of the required quality to ensure that the Company meets its Licence obligations and complies with good industry practice. The Company has mitigated the performance risk of its outsourced service providers through the O&M and PSA contract.

The Company's approach to managing the business

The Company's general approach to the management and operation of its business is based on ensuring that the right balance is achieved between cost, quality, performance, innovation and financial returns so as to optimise the cost of its services to the end consumer. In doing so the Company:

- has a relentless focus on transmission system availability;
- recognises that the inherently hazardous nature of the Company's assets and operations requires an extraordinary focus on Health, Safety and the Environment ("HS&E");
- has the right contractors / subcontractors working safely to standards using the right processes, technology and systems;
- has implemented a risk management approach that ensures that risks are assessed, managed and reported appropriately; and
- has adopted a governance framework that enforces compliance with law, regulations and licence conditions.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Principal regulatory, industry contracts and industry code matters

The Company enjoys benefits and is subject to a number of regulatory and contractual obligations arising from and including: the Licence; the Transmission Owner Construction Agreement ("TOCA") with NGESO and the System Operator – Transmission Owner Code ("STC"). The Company's operations are also subject to a range of industry specific legal requirements.

A summary of some of the major features of the Licence, industry contracts and electricity code matters are described below.

Licence obligations

Under the terms of the Licence the Company is required to carry out its licenced activities and have in place governance arrangements that ensure (amongst other obligations) that the Company does not provide cross-subsidies to, or receive cross-subsidies from any other business of the Licensee or of any affiliate. In addition, the Licence places restrictions on the Company's activities and how it conducts its transmission activities. In carrying out its transmission activities it must do so in a manner that does not confer upon it an unfair commercial advantage, in particular, in relation to any activity that does not relate to the operation of the offshore transmission business.

A failure by the Company to materially comply with the terms of the Licence could ultimately lead to the revocation of the Licence. The Board of Directors takes very seriously its obligations to comply with the terms of the Licence and has processes, procedures and controls in place to ensure compliance.

Regulated revenue and incentives

The Licence awarded by the Authority to the Company determines how much the Company may charge for the OFTO services that it provides to NGESO in any relevant charging year in accordance with a regulatory formula. The charging year is from 1 April to 31 March. The Licence also provides the Company with an incentive to ensure that the offshore transmission assets are available to transmit electricity by reference to the actual availability of the Company's transmission system in any given calendar year versus the regulatory target. The regulatory target availability is 98% of the total megawatt hour capacity of the Company's electricity transmission system (as determined by the Company's System Capability Statement) in any given calendar year, or part thereof.

To the extent that the cumulative net penalty, if applied, to the Company's charges would result in those charges being reduced by more than 10% of the base revenue for that year, the excess net penalty is carried forward on a cumulative and notional basis and aggregated with additional credits and penalties arising in the subsequent period. The maximum period that penalties relating to a particular calendar year can be carried forward is five years.

As a result of the arrangements described above, there are a number of risks that the Company faces that affect the level of transmission system availability and therefore affect potential incentive credits and penalties. The principal risks associated with transmission system availability stem from the following:

- 1) The inherent design of the transmission system e.g. system redundancy;
- 2) The management of maintenance activities so that the assets are maintained to good industry practice, and where possible, the Company seeks to carry out such maintenance without the need for planned outages whilst having regard to the safe operation of those assets; and
- 3) The management of planned outages of the transmission system having regard to the activities of other interested parties and to bias such outages towards those periods during the year with the lowest system availability targets and related penalties or credits.

As the end of the 20 year Licence period approaches in 2033, the agreed regulatory formula relating to the Company's ability to collect credits as explained above changes. There is an acceleration of the Company's ability to collect such credits in its invoicing.

In certain circumstances, and in respect of certain costs, such as non-domestic rates relating to the Company's onshore electricity network and costs charged by the Authority associated with running the OFTO tender regime, the Company is permitted under the terms of its Licence to pass these costs to its customer by altering charges as required.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Principal regulatory, industry contracts and industry code matters (continued)

Transmission system capability (capacity)

As described above, the Company is incentivised to provide the maximum transmission system availability as is possible having regard to the safe running of the system. The maximum availability of the system is defined in the Licence and is expressed in megawatt hours (MWhr).

Under the terms of the TOCA with NGESO, the Company provides a transmission service on the basis of a declared maximum capacity of the transmission system. The declared maximum capacity for Performance Year ended 31 December 2024 was 500 MW. The practical significance of the declared maximum capacity is that the maximum declared capacity of the transmission system determines the maximum MWhr availability of the transmission system for the purpose of comparing with the Company's actual transmission availability during any performance year – which in turn determines the Company's performance credits or penalties as described under Regulated revenue and incentives earlier in this Operating and Financial Review.

The Company has provided 98.97% transmission capacity based on the declared maximum capacity of the transmission system during the performance year ended 31 December 2024 – see Transmission System Availability below. In the incentive period January to March 2025 the transmission capacity was 100.00%. The Company minimises the risk of unexpected outages (and incurring related performance penalties) or incurring unexpected repair costs by carrying out appropriate maintenance in accordance with good industry practice.

Transmission charges are based on the target transmission system availability of 98%, and increase on 1 April following any given year by reference to the average rate of increase in the UK retail price index ("RPI") in the year to the previous December. The revenue derived from charges based on this target availability represents the Company's "base revenue". For the avoidance of doubt, the Company's transmission charges are not exposed to commodity risk and are not exposed to any generation risk.

As previously noted, the Licence contains mechanisms to incentivise the Company to provide the maximum possible electricity transmission system availability, having regard to the safe running of the system. The Company is incentivised on a monthly basis with higher targets, and higher potential penalties or credits, in the winter months, and lower targets, and lower potential penalties or credits, in the summer months. These incentive mechanisms help drive the management of the Company to manage proactively the transmission system availability across the year by focusing maintenance activities, which could lower transmission system availability, into those months with the lowest targets and related penalties or credits.

If the achieved transmission system availability is different to the target availability then there is a mechanism contained within the Licence that could potentially affect the Company's charges and hence its revenue in future periods. The Licence provides for adjustments to "base revenue" where the OFTO's system availability performance is different to the target system availability. If transmission system availability in any given year is in excess of the target availability level then credits are "earned" and if availability is less than target then penalties accrue. The Company is then permitted or required to change its prices to reflect the credits earned or penalties accrued as necessary. The maximum credit which the Company can "earn" and collect in charges amounts to around 5% of base revenue for that year and the maximum penalty that can be reflected in charges is around 10% of base revenue for that year. The detailed mechanism that is used to adjust charges to reflect these credits and penalties in charges is described below.

The penalties and credits are recorded on a monthly, but notional basis, during each calendar year. Individual net monthly penalties are first offset against any brought forward net cumulative credits from the previous calendar year. Thereafter, individual monthly net penalties are eligible for offset against credits arising in the current calendar year. If at the end of any calendar year there is a cumulative net credit, this net credit is eligible for collection in charges as an adjustment to charges at the beginning of the sixth financial year following the end of the calendar year in which the first credit arose. The maximum amount of credit that is eligible to be reflected in charges in the sixth financial year is the lesser of the credit that arose in the first calendar year and the cumulative net credit outstanding at the end of the preceding calendar year.

In respect of net penalties which are outstanding at the end of the calendar year then, in principle, the charges in respect of the following financial year are lowered by an amount that would reduce the charges for that financial year by the amount of the net penalty. However, the reduction in charges can never exceed 10% of the base revenue for that year.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Transmission system quality of supply

The STC sets out the minimum technical, design and operational and performance criteria that Offshore Transmission Owners must ensure that their transmission system can satisfy. For the Company's transmission system the most significant requirements are in respect of the reactive power capability, voltage control and the quality of the power (as measured by harmonic performance) deliverable at the connection point of the Company's transmission system with NGESO's transmission system.

The Company has met its requirements to transmit electricity in accordance with the parameters agreed with NGESO during the year under review.

Key performance indicators ("KPIs")

The Company has identified the following KPIs as being instrumental to the management of the transmission business. Such KPIs include financial and non-financial KPIs:

	Definition	Objective
Financial KPI's		
Profit before taxation	Profit before taxation: 7,590k (2024: 5,193k)	To increase.
Cash available for debt service	Net cash outflow from operating activities less net cash inflow from investing activities £20,294k (2024: £15,469k).	To increase.
Non-Financial KPI's		
Maximise transmission availability	Making the transmission system available to transmit electricity over the performance year 1 January 2024 to 31 December 2024: 98.97% (year from 1 January 2023 to 31 December 2023: 93.97%).	To exceed the Licence target availability 98%.
Ensure that the quality of electricity at the export connection point is compliant with SQSS and the STC	To meet the standards set by the SQSS and the STC in relation to voltage control, reactive power and harmonic distortion.	To be compliant. This has been achieved for the year ended March 2025.
HS&E	1) Zero lost time accidents ("LTIs") for contractors; 2) Zero reportable environmental incidents; 3) Compliance with transferred obligations under GGOWL's Marine Management Organisation ("MMO") Licence.	1) Zero LTIs; 2) Zero reportable environmental incidents; 3) Compliance with MMO Licence All of the above objectives have been met for the year ended March 2025.

Where appropriate, adjustments will be made where events give rise to unusual patterns of income, expenditure and/or one-off events.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

The Company's operational performance

The Company's prime operational objectives are to maximise transmission system availability and to ensure that the quality of electricity at the onshore connection point is compliant with the SQSS and the STC having regard in all respects to the safety of employees, contractors and the general public.

The OFTO has a fully wrapped O&M contract with EDS HV Management Limited that contains requirements to effectively operate and maintain the assets in accordance with the OFTO Operating Approvals. Maintenance is required to be delivered taking into account Statutory obligations, the requirements and recommendations of the Original Equipment manufacturer (OEM) plus condition, age and service duty of the asset. The OFTO regularly monitors O&M delivery performance.

Greater Gabbard OFTO achieved 98.97% availability during the year to 31 March 2025 (2024 : 99.03%).

Transmission system availability

The performance of the Company's transmission system for the performance year ended 31 December 2024 and 2023 were as tabulated below:

MW Hours	Note	Performance Year ended 31 December 2024	Performance Year ended 31 December 2023
Maximum system availability (capability - MWhrs)	(a)	4,383,000	4,383,000
Actual system availability (MWhrs)		4,338,042	4,118,575
Actual system availability (%)		98.97%	93.97%
Regulatory target system availability (%)		98%	98%
Availability credits (MWhrs)			
Availability credits at 1 January		789,126*	809,479
Net availability / credits for the performance year		59,574	-181,920
Net availability credits at 31 December		848,700	627,559

*The availability credits at 1 January 2024 have increased from the previously reported information due to the reversal of penalties following the approval of an exceptional events claim with OFGEM.

The performance of the Company's transmission system for the performance quarter ended 31 March 2025 and 2024 were as tabulated below:

MW Hours	Note	Performance Period 1 January 2025 to 31 March 2025	Performance Period 1 January 2024 to 31 March 2024
Maximum system availability (capability - MWhrs)	(a)	1,083,000	1,083,000
Actual system availability (MWhrs)		1,083,000	1,083,000
Actual system availability (%)		100.00%	100.00%
Regulatory target system availability (%)		98%	98%
Availability credits (MWhrs)			
Availability credits at 1 January		848,700	627,559
Net availability / credits for the performance quarter		25,124	25,124
Net availability credits at 31 March		873,824	652,683

(a) The maximum system availability of the Company's transmission system as declared to NGESO during the performance year.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Quality of supply

The quality of supply constraints agreed with NGESO (see “Transmission system quality of supply” above) requires the Company to transmit electricity within certain parameters in relation to: voltage control; reactive power; and harmonic distortion. A failure to meet these qualities of supply constraints could result in NGESO requiring the Company’s transmission system to be disconnected from NGESO’s electricity transmission system, resulting in loss of transmission availability and reduced incentive credits or performance penalties. The Company closely monitors compliance with these qualities of supply constraints and carries out appropriate maintenance activities consistent with good industry practice to allow the Company to meet these qualities of supply obligations.

During the financial year the Company has met its obligations to transmit electricity compliant with these operational obligations. The Company has continued to comply with these obligations through to the date of this report.

Health, safety, and environmental performance

The Board recognises that the nature of its business requires an exceptional focus on health, safety, and the environment. Safety is critical both to business performance and to the culture of the Company. The operation of the Company’s assets gives rise to the potential risk that they could injure people and/or damage property if these risks are not properly controlled. Our objective is to eliminate or minimise those risks to achieve zero injuries or harm, and to safeguard members of the general public.

During the year under review there were no health or safety incidents that required reporting under applicable legislation and that contractor “lost days” arising from safety incidents that required reporting under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 were zero.

The Company is committed to reducing the environmental impact of its operations to as low as practically possible. The Company will do so by reducing the effect its activities have on the environment by: respecting the environmental status and biodiversity of the area where the Company’s assets are installed; considering whole life environmental costs and benefits in making business decisions; looking for ways to use resources more efficiently through good design, use of sustainable materials, responsibly refurbishing existing assets, and reducing and recycling waste; and continually improving management systems to prevent pollution and to reduce the risk of environmental incidents.

The Board is pleased to report that during the year under review there were no environmental incidents or matters raised by the Company’s Operations and Maintenance contractor that required reporting to any relevant competent authority and that it had complied with the Marine licence obligations transferred under the Sale and Purchase Agreement (“SPA”) by GGOWL when the transmission assets were acquired by the Company.

Stakeholder relationships

The potentially hazardous nature of the Company’s operations and the environmentally sensitive nature of the locations where its assets are located require the Company to engage and communicate with a wide audience of stakeholders and to establish good relationships with them. As well as industry participants and local and national government bodies this audience includes: Port Authorities; the emergency services; the maritime community; environmental agencies and organisations; landowners and the general public. Accordingly the Company has established a stakeholder matrix and implemented a stakeholder engagement and communications plan. The Directors consider that stakeholder relationships are satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company have been discussed and referenced in this Operating and Financial Review, alongside a discussion of the operational and financial performance of the Company.

The Company’s financial performance

Summary

The financial performance of the Company for the year ended 31 March 2025, and its financial position as at 31 March 2025, was satisfactory and is summarised below. In this report all numbers have been rounded to the nearest £1,000 where each £1,000 is represented by the symbol £k.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

The Company's financial performance (continued)

The Company reports its results in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted for use in the United Kingdom ("UK adopted IFRS") and those parts of the Companies Act 2006 relevant to companies preparing their financial statements in accordance with UK adopted IFRS.

	2025 £'000	2024 £'000
Operating profit/(loss)	1,089	1,060
Net finance income	6,501	4,133
Profit before taxation	7,590	5,193
Taxation	(3,258)	(4,353)
Profit after taxation	4,332	860
Net cash inflow from operating activities and investing activities	20,294	15,469

Operating and finance income

Operating and finance income is derived from the Company's activities as a provider of transmission services. The vast majority of the Company's income is derived from NGESO. Finance income for the year amounted to £15,332k (2024: £16,567k), and represents the finance income that would have been generated from an efficient stand-alone "transmission owner". The finance income has been recorded in accordance with the principal accounting policies adopted by the Company. A discussion of the critical accounting policies adopted by the Company is shown in the accounting policies section of the regulatory financial statements commencing on page 35.

Operating income for the year amounted to £6,365k (2024: £5,274k) and primarily represents the operating income that would be generated by an efficient provider of operating services to NGESO, our principal customer. Such services include those activities that result in the efficient and safe operation of the transmission assets, and are reflective of the costs incurred in providing those services, including the cost of insuring those assets on behalf of a stand-alone transmission owner. Operating income has been recorded in accordance with the principal accounting policies adopted by the Company.

Operating costs

Operating costs for the year amounted to £5,276k (2024: £4,214k). This increase has been driven by a £1,199k payment to EDS as part of the availability sharing mechanism as laid out in the Operations and Maintenance Agreement. The most significant costs included within operating costs for the year were those costs associated with:

	2025	2024
Operations and maintenance	£3,252k	£1,898k
Insurance	£1,158k	£1,276k
Professional service fees	£22k	£323k
Non-domestic rates	£635k	£635k

Operating profit

Operating profit being the net of operating income and operating costs amounted to a profit of £1,089k (2024: £1,060k).

Interest income

Interest income relates to interest on bank deposit of £1,718k (2024: £1,554k) and notional interest of £15,332k (2024: £16,567k).

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Finance costs

Finance costs amounted to £10,549k (2024: £13,988k). Funding was required to acquire the transmission system Transmission owner asset from GGOWL and the acquisition of the Transmission owner asset took place on 29 November 2013.

The vast majority of the finance costs relates to the interest cost of servicing senior debt holders £7,698k (2024: £8,328k) and holders of subordinated debt £2,694k (2024: £5,325k). Interest expense and other financial costs arise from the cost of debt used to finance the acquisition of the Transmission owner asset.

Taxation

The net taxation charge on profit before taxation for the year is £3,258k (2024: £4,353k) and relates solely to deferred taxation. There was no current taxation arising in the year (2024: £nil) as the Company incurred taxable losses. The taxation charge for the year has been computed at 25% (2024: 25%).

A taxation credit of £1,016k (2024: £291k) has been recognised in other comprehensive income relating to pre-taxation gains arising on marking the Group's cash flow hedges to market at 31 March 2025.

The taxation charge relates solely to deferred taxation as the Company incurred taxable losses during the year. This taxation charge has been computed at 25% (2024: 25%).

Profit after taxation

Profit for the year after taxation amounted to £4,332k (2024: £840k).

Cash flows

Net cashflows generated from operating activities amounted to £18,577k (2024: £13,915k) primarily reflecting the cash outflows relating to operating activities and cash received from the unitary charge during the year to 31 March 2025.

Net cash inflows from investing activities relates to interest earned from bank deposits amounted to £1,717k (2024: £1,554k).

Net cashflows from financing activities relates to repayment of principal balances on senior debt and amounted to £15,741k (2024: £15,242k).

Payments to subordinated debt holders during the year amounted to £4,880k (2024: £8,800k).

No corporation tax was paid in the year (2024: £nil).

No dividend was paid in the year (2024: £nil).

There were no undisclosed dividends proposed between the year end and the date of the approval of the financial statements.

Statement of Financial Position and consideration of financial management

Going concern

Having made enquiries, the Directors consider that the Company has adequate resources to continue in business for the foreseeable future, and at least 12 months from the date of approval of these financial statements. Additionally, the entity will continue to meet its liabilities as they fall due, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company. More details of the Company's funding and liquidity position are provided under the headings "Current funding structure" and "Going concern, Liquidity and treasury management" below.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Statement of Financial Position

The Company's Statement of Financial Position as at 31 March 2025 is summarised below:

	Assets £'000	Liabilities £'000	Net assets £'000
Non-current Transmission owner assets	217,013	-	217,013
Non-current deferred taxation	-	(10,330)	(10,330)
Decommissioning provision	-	(10,997)	(10,997)
Current assets and liabilities (1)	59,878	(2,207)	57,671
	<u>276,891</u>	<u>(23,534)</u>	<u>253,357</u>
Borrowings	-	(225,908)	(225,908)
Derivatives financial liabilities	-	(15,894)	(15,894)
	<u>-</u>	<u>-</u>	<u>-</u>
Totals at 31 March 2025	<u>276,891</u>	<u>(265,336)</u>	<u>11,556</u>
Totals at 31 March 2024	<u>285,850</u>	<u>(281,674)</u>	<u>4,176</u>

(1) Excluding borrowing

Transmission owner asset and decommissioning

The Transmission owner asset is a financial asset and is carried at the costs incurred, and directly attributable to the acquisition of the Greater Gabbard offshore transmission system at the date of acquisition, plus finance income less receipts attributable to the carrying value of that asset and is carried at amortised cost. The net result being that the carrying value of the Transmission owner asset reflects the application of the effective interest rate method, and is determined in accordance with the principal accounting policies adopted by the Company. A discussion of the critical accounting policies adopted by the Company that give rise to this balance is shown in the accounting policies section of the regulatory financial statements commencing on page 39.

The Transmission owner asset was acquired on 29 November 2013 from Greater Gabbard Offshore Winds Limited. The total costs of acquisition of this asset amounted to £317.1m. The estimate of the costs of decommissioning the Transmission owner asset at the end of its economic useful life in 2033 amounted to £19,065k (2024: £19,499k). These costs will be incurred from year 18 onwards.

This amount differs to the £10,997k in the table above due to discounting.

Deferred taxation

The Company has recognised a deferred taxation liability of £14,302k (2024: £11,046k) which reflects the recognition, in full, of the deferred taxation impact of all temporary differences arising to March 2025, including taxable losses. This is offset by a deferred tax asset of £3,973k (2024: -£4,989k) relating to pre-taxation gains arising on marking the Company's cash flow hedges to market at 31 March 2025, which gives a total deferred tax liability of £10,330k (2024: £6,057k).

Net debt

Net debt is defined as all borrowings (senior and subordinated debt) less the carrying value of all financial derivative contracts that are marked to market (UK Retail Price Index (RPI) related swaps).

At 31 March 2025 net debt stood at £212,719k (2024: £239,056k) and included £15,894k (2024: £19,958k) relating to the carrying value of financial derivatives that were marked to market at that date.

A discussion of the capital structure and the use of financial derivatives is provided below.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Current funding structure

The Company is funded through a combination of senior debt, subordinated debt and equity in accordance with the Directors' objectives of establishing an appropriately funded business consistent with that of a prudent offshore electricity transmission operator, and the terms of all legal and regulatory obligations including those of the Licence and the Utilities Act 2000.

Senior debt is comprised of fixed rate bonds credit enhanced by the European Investment Bank's ("EIB") Project Bond Credit Enhancement ("PBCE") instrument at a level of 15% of senior bonds outstanding. All senior debt is serviced on a six monthly basis and is expected to amortise over the life of the project through to November 2032. The total carrying value of the bonds outstanding at 31 March 2025 amounted to £174,325k (2024: £190,063k) .

The subordinated loan ranks behind the senior debt and is held by the Company's intermediate holding Company, Greater Gabbard OFTO Intermediate Limited ("GGOIL"). The subordinated loan was issued by GGOIL on a commercially priced basis, and carries a fixed rate coupon. At 31 March 2025 the total principal carrying value of the subordinated loan outstanding amounted to £45,989k (2024: £45,989k).

Ordinary equity share capital amounted to £51k at 31 March 2025 (2024: £51k).

Going concern, liquidity, and treasury management

As indicated previously, the Directors have confirmed that after due enquiry they have sufficient evidence to support their conclusion that the Company is a going concern, and has adequate resources in the foreseeable future to meet its ongoing obligations, including the servicing of bond holders, as those obligations fall due. This conclusion is based on a number of factors which are summarised below.

The expected cash in-flows that are likely to accrue to the Company over the foreseeable future from its electricity transmission operations are highly predictable, and will not fall below a certain level as explained above under "Regulated revenue and incentives". In addition, NGESO, as a condition of its regulatory ring-fence, is required to use its reasonable endeavours to maintain an investment grade credit rating and, therefore, the likelihood of payment default by NGESO is very low. As at 31 March 2025 there were no sums outstanding from NGESO (2024: £nil) and from 31 March to the date of this report all amounts due from NGESO had been received on time.

The Company enjoys certain protections afforded under the Licence granted to the Company. In particular, provided that the Company can demonstrate that it has applied good industry practice in the management of the Company and its assets, then in the event that an unforeseen incident results in the Company suffering a loss in excess of £1,000k (in so far as it relates to its activities under the Licence) it can apply to the Authority for an income adjusting event and recover the lost amount.

The Company has also put in place prudent insurance arrangements primarily in relation to property damage such that it can make claims in the event that an insurable event takes place and thereby continue in business.

The Licence protections together with the insurance arrangements reduce uncertainties and address certain risks regarding loss/destruction of assets that arise from remote and/or catastrophic events.

The Company has also entered into certain hedging and other contractual arrangements that have been put in place to achieve a high degree of certainty (and thereby reduce uncertainty) as to the likely cash out-flows that are expected to occur over the life of the project.

The hedging arrangements are explained in more detail below under Hedging arrangements. In summary the RPI swaps have the impact of effectively converting a proportion of the RPI variable cash flows arising from the Company's transmission services activities into a known series of cash flows over the life of the project.

Other contractual arrangements with third parties have been entered into that have a pricing mechanism that features linkages to RPI or other indices, which has the effect of reducing the uncertainty as to the quantum and frequency of cash outflows arising.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

As a consequence, it is the opinion of the Directors that the costs and related cash flows associated with these arrangements are more likely than not to vary in a similar manner with the principal cash inflows generated by the Company in relation to its transmission services that are not subject to the RPI swaps arrangements.

The Company also has access to a liquidity facility of £7,715k (2024: £6,884k) that the Company can access in the event that it has an insurable or income adjusting event.

The EIB has provided a letter of credit at a level of 15% of senior bonds outstanding which is £26,149k at 31 March 2025 (2024: £28,510k) as a form of subordinated credit enhancement instrument for the Company in relation to the bonds and the hedging agreements.

Under the terms of the loan note instrument, the loan notes are redeemable from 2032.

Credit rating

It is a condition of the regulatory ring-fence around the Company that it uses reasonable endeavours to maintain an investment grade credit rating in respect of its senior debt. The rating agency carries out regular and periodic reviews of the rating. The Company has maintained an investment grade credit rating of A3 provided by Moody's in respect of its senior debt consistent with its obligations under the Licence.

During the rating agency's assessment of the Company's credit rating, amongst other matters, the rating agency will and has considered: actual and expected cash flows over the term of the project; the regulatory environment within which the Company operates; the nature of the principal contractual arrangements in place; the insurance arrangements; and the credit risk of all material counterparties in arriving at their assessment of the appropriate credit rating.

It is the Directors' assessment, that having regards to the principal risks and uncertainties regarding cash flows, the creditworthiness of counterparties, the regulatory environment, the insurance arrangements and other matters that are discussed in this Operating and Financial Review, that there are reasonable grounds to believe that the rating agency will continue to confirm that the Company's bonds are investment grade status in the foreseeable future based on the information available to the Directors at the date of this annual report.

Ongoing funding requirements

The Company does not expect to have any significant funding requirements over the expected life of the project that will require additional external funding. Debt servicing and other obligations of the Company are expected to be met by the cash inflows generated by the Company. Consequently, based on the current capacity of the existing transmission system operated by the Company, there is minimal refinancing risk.

To the extent that a requirement for significant expenditure is required in the future as a result of additional capital works being required to provide incremental transmission capacity, there is a mechanism in the Company's Licence to allow the Company to increase its charges in respect of such expenditure. The Directors would expect that such additional expenditure would be capable of being funded based on the increased cash flows arising from such additional expenditure. No such additional expenditure is planned or expected in the foreseeable future.

Surplus funds

The Company invests surplus funds in term deposits with banks that have a short term senior debt rating of at least A-1 or better issued by Standard & Poor's, or P-1 or better issued by Moody's. Of the cash and cash equivalents, £26,769k (2024: £22,160k) were held in reserve accounts, the Common Terms Agreement ("CTA") defines the requirements to transfer in and withdraw funds from these accounts. If the request is not defined in the CTA the consent of the Company's lenders is required prior to use, but are held for general corporate purposes. A description of the restrictions applied to certain deposits and other matters are referred to below under "Lending covenants and other restrictions".

The Company has some variability of cash flows in relation to the interest it earns on its investments, as typically these investments are held in deposits with a typical maturity of six months or less and earn variable rates of interest. However, in the context of the other cash flows generated by the Company these amounts are insignificant.

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Hedging arrangements

General

It is the policy of the Board that the Company will only enter into derivative financial instruments for the purpose of hedging an economic risk. No derivative financial instruments will be entered into unless there is an underlying economic position to be hedged. No speculative positions are entered into.

RPI swaps

The Company has entered into arrangements with third parties for the purpose of exchanging the majority (approximately 63.5%) of variable cash inflows arising from the electricity transmission service it provides to NGESO in exchange for a pre-determined stream of cash inflows with the final payment date expected on 29 November 2032. This arrangement meets the definition of a derivative financial instrument. The period covered by these arrangements closely matches the period over which the Company enjoys exclusive rights to operate the offshore transmission system under the Licence, and closely reflects the period over which the vast majority of cash flows from the project are expected to be generated.

As previously described (see "Regulated revenue and incentives"), under the terms of the Licence, regulatory and other contractual agreements, the Company is permitted to charge its customer, NGESO, an agreed amount for the transmission services it provides, the price of which is uplifted each year commencing 1 April by a sum equivalent to the average increase in RPI over the previous 12-month period measured from January to December. Where there is a reduction or no increase in RPI over the relevant period, then the charges remain unchanged from the previous year. These derivative arrangements ("RPI swaps") have the effect of exchanging the vast majority of variable cash inflows derived from the Company's transmission services (impacted by changes in actual RPI) in exchange for a known and predetermined stream of rising cash flows over the same period.

The Directors believe that the use of these RPI swaps is consistent with the Company's risk management objective and strategy for undertaking the hedge. The majority of the Company's cash outflows relate to borrowings that effectively carry a fixed coupon so that both the resultant principal repayments and coupon payments are predetermined. The purpose of the RPI swap arrangements is to generate highly certain cash inflows (thereby reducing uncertainty) so that the Company can meet its obligations under the terms of the Company's borrowing arrangements and therefore reduce the risk of default. The Directors believe that RPI swaps have a highly effective hedging relationship with the forecast cash inflows that are considered to be highly probable, and as a consequence have concluded that these derivatives meets the definition of a cash flow hedge and have formally designated them as such.

The carrying value of the RPI swaps at 31 March 2025 was a liability of £15,894k (2024: £19,958k). A corresponding entry has been recorded in other comprehensive income.

Lending covenants and other restrictions

The Company is subject to certain covenants and conditions under lending agreements with the senior debt holders. The Company entered into the lending agreements to allow it to fund the acquisition of the Transmission owner asset. Under these lending agreements, a Security and Bond Trustee has been appointed to represent the senior debt holders and to monitor compliance by the Company with the conditions of the lending agreements it has entered into. In addition, a Technical Adviser and an Insurance Adviser have also been appointed under the terms of the lending agreements to support the Security and Bond Trustee in the discharge of their duties. The covenants and conditions of the lending agreements include (but are not limited to) the following:

- 1) The Company is required to operate on the basis of a financial plan while the lending agreements are in place (19 years) which the Security and Bond Trustee has approved and subject to certain allowances; any deviation from that plan requires the approval of the Security and Bond Trustee. The financial plan is refreshed on a six monthly basis and revised on an annual basis as required;
- 2) The Company is required to deliver financial and other information at specified intervals (typically six monthly) to the Security and Bond Trustee;

GREATER GABBARD OFTO PLC

OPERATING AND FINANCIAL REVIEW (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Lending covenants and other restrictions (continued)

3) The lending agreements specify the bank accounts that the Company is permitted to operate and in addition, restrict the way in which those accounts should be operated – this includes, in respect of certain accounts, requiring those accounts to be funded for specific purposes and only allowing access to those accounts for that specified purpose. With the exception of one bank account, all withdrawals from bank accounts require the consent of the Security and Bond Trustee;

4) The Company is required to maintain certain financial ratios (both historical and forward looking) in respect of debt service cover; loan life cover; and in respect of incremental investments it cannot exceed a specified gearing ratio;

5) The Company is restricted under the lending agreements as to its ability to invest its surplus funds such that it is only permitted to invest those surplus funds in investments with maturities that are allowed under the terms of those agreements. Typically this results in the Company investing in term deposits with maturities not exceeding six months;

6) The Company is required to maintain adequate insurances at all times; and

7) The Company is required to meet all the conditions contained within the lending agreements before any servicing of the subordinated debt holders can take place or any distributions can be made to shareholders.

There is a risk that if the Company materially fails to comply with the terms of the lending agreements, or has failed to apply one of the specified remedies, the Company would be in default of the lending agreements. In these circumstances the amounts due under the lending agreements are immediately due and payable or are repayable on demand. The Company monitors and has put in place controls and procedures to ensure material compliance with the terms of the lending agreement at all times.

Since entering into the lending agreements the Company has complied with all of the lending covenants and conditions and has continued to do so through to the date of this report.

Accounting policies

The regulatory financial statements present the results of the Company using the accounting policies outlined in the regulatory financial statements and are in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted for use in the United Kingdom ("UK adopted IFRS") and those parts of the Companies Act 2006 relevant to companies preparing their financial statements in accordance with UK adopted IFRS. IFRS permits certain choices and the following material choices have been made as follows:

Presentation of regulatory financial statements

The Company uses the nature of expense method for the presentation of its Statement of Profit and Loss and presents its Statement of Financial Position showing net assets and total equity.

In the Statement of Profit and Loss the Company presents a sub-total of operating loss being the total of operating income and operating costs.

Financial Instruments

The Company has elected to apply hedge accounting to its stand-alone derivative financial instruments.

Critical accounting policies

The application of accounting principles requires the Directors of the Company to make estimates, judgements, and assumptions that are likely to affect the reported amounts of assets, liabilities, revenue, and expenses, and the disclosure of contingent assets and liabilities in the regulatory financial statements. Better information, or the impact of an actual outcome, may give rise to a change as compared with any estimates used, and consequently the actual results may differ significantly from those estimates. The impact of revised estimates, or the impact of actual outcomes, will be reflected in the period when the better information or actual outcome is known.

A discussion of critical accounting policies is contained within the accounting policies section of the regulatory financial statements together with a discussion of those policies that require particularly complex or subjective decisions or assessments. The accounting policies section of the regulatory financial statements commences on page 35.

GREATER GABBARD OFTO PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The directors present the strategic report for the year ended 31 March 2025. The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

A full description of the Company's principal activities, business, and principal risks, and uncertainties is contained in the Operating and Financial Review on pages 1 to 14, which are incorporated by reference into this report.

Review of the business

The Directors have performed a full review of the Company's results for the year as part of the Operating and Financial review section on pages 1 to 14.

Future developments of the business

No change in the Group's future developments is anticipated.

Material interests in shares

Greater Gabbard OFTO Plc is a wholly-owned subsidiary undertaking of Greater Gabbard OFTO Holdings Limited.

Principal risks and uncertainties

The Company recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the contract and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to enable the business to improve performance and fulfil its contractual obligations.

Licence obligations

The Company has ongoing obligations and is required to make certain ongoing declarations to the Authority to ensure compliance with the terms of the certificate issued.

Financial risks

Credit and cash flow risks to the Company arise from its client, NGESO. NGESO operates a low risk monopoly business within the UK, and the regulatory regime under which they operate results in a highly predictable, and stable, revenue stream.

Contractual relationships

The Company operates within a contractual relationship with its principal customer, NGESO. A significant impairment of this relationship could have a direct and detrimental effect on the Company's results and could ultimately result in termination of the concession. To manage this risk the Company has regular meetings with NGESO.

Directors' Indemnities

The Company has granted the directors with qualifying third-party indemnity provisions within the meaning given to the term by section 234 and 235 of the Companies Act 2006. This is in respect of liabilities to which they may become liable in their capacity as director of the company. Such indemnities were in force throughout the financial year and will remain in force at the date of this report.

Post balance sheet events

There are no balance sheet events to be reported following the date of approval of financial statements.

GREATER GABBARD OFTO PLC

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Key performance indicators

The Company has set specific business objectives, which are monitored using key performance indicators (“KPIs”). The relevant KPIs for this report are detailed below.

	31 March 2025	31 March 2024
	£'000	£'000
Profit before taxation	7,590	5,193
Cash available for debt service	20,294	15,469

Further discussion of the Company's financial and non-financial KPI's can be found on page 5.

Section 172 statement

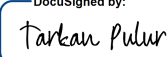
The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Illustrations of how s172 factors have been applied by the Board can be found throughout the 2024/2025 annual Report and Accounts. For example;

- Information on how the Company manages its business and compliance with regulatory requirements can be found on pages 2-4;
- Details on how the Company has considered the impact of its operations on the community and environment see page 7;
- Non-Financial KPIs information on page 5;
- The Company has anti bribery and corporate criminal act policies as part of its commitment to ethical business practice to maintain high standards of business conduct; and
- Information on page 7 sets out how the Company engaged with key stakeholder groups, throughout and the effectiveness of the engagement.

On behalf of the board

DocuSigned by:

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Tarkan Pulur
Director

31-Jul-2025 | 6:15 PM BST
Date:

GREATER GABBARD OFTO PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The directors present their annual report and regulatory financial statements for the year ended 31 March 2025.

In accordance with Section 414C(11) of the Companies Act 2006, the Directors have elected to provide within the Strategic report information relating to:

- Principal activities and business review
- Key performance indicators
- Indication of likely future developments in the business

Results and dividends

The results for the year are set out on page 28.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Jemma Sherman	(Resigned 16 December 2024)
Tarkan Puler	
Jonathan Ball	(Appointed 16 December 2024)

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of and abide by the terms of the payment. Trade creditors of the Company at 31 March 2025 were equivalent to 67 (2024: 53) days of purchases, based on the average daily amount invoiced by suppliers during the year.

Donations

No charitable or political donations were made during the year £nil (2024: £nil).

Financial instruments

Details on the use of financial instruments are included within the Operating and Financial review on pages 1 to 14 and details of financial risk management included in Note 23 of the Notes to the Regulatory Financial statements.

Research and development

Expenditure on research and development activities was £nil (2024: £nil).

GREATER GABBARD OFTO PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Internal controls and corporate governance

The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. They recognise the importance of a robust control environment to mitigate the key risks of the Company and whilst they consider that the material risks are managed adequately, they have elected to appoint an Audit committee as part of its corporate governance. The responsibilities of the audit committee are mentioned in the Corporate Governance Statement on pages 21 to 23.

There are no significant issues for the year ended 31 March 2025 that have required the Board to deal with any related material internal control issues.

The Directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the year and confirm that the system of internal controls that are currently in place are considered sufficient that all key risks to the business are adequately managed and mitigated.

Going concern

Having made enquiries, the Directors consider that the Company has adequate resources to continue in business for the foreseeable future, for at least 12 months from the date of approval of these financial statements, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company. More details of the Company's funding and liquidity position are provided in the Operating and Financial Review under the headings "Current funding structure" and "Going concern, liquidity and treasury management".

The Company's strategy, long term business objectives and operating model

The Company's strategy, long term business objectives and operating model are set out in the Operating and Financial Review and includes an explanation of how the Company will generate value over the longer term.

Company Information

Greater Gabbard OFTO Plc is incorporated in the United Kingdom, registered in England and Wales and domiciled in the United Kingdom.

Company Secretary and Registered Office

The Company Secretary is Oliver Peach. The registered address is 3rd Floor (South Building), 200 Aldersgate Street, London, England, EC1A 4HD.

Post Balance Sheet Events

Post balance sheet events and directors' indemnity insurance has been reported on within the strategic report.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

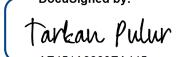
MHA will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The auditor, MHA, previously traded through the legal entity MacIntyre Hudson LLP. In response to regulatory changes, MacIntyre Hudson LLP ceased to hold an audit registration with the engagement transitioning to MHA Audit Services LLP.

GREATER GABBARD OFTO PLC

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

On behalf of the board

DocuSigned by:

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Tarkan Pular
Director

31-Jul-2025 | 6:15 PM BST
Date:

GREATER GABBARD OFTO PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

The Directors of the Company are required by standard condition E2 of the Licence to prepare regulatory accounts for each financial year which comply with the requirements set out in that condition. The content of the regulatory accounts is described under "A description of these regulatory accounts".

The Directors consider that, in preparing the regulatory financial statements included in the regulatory accounts, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and all applicable accounting and financial reporting standards have been followed.

The Directors have responsibility for preparing the regulatory financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business. Therefore, these regulatory financial statements have been prepared on the going concern basis.

The Directors have responsibility for ensuring that the Company keep accounting records in such form that revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the transmission business of the licensee are distinct from any other activity of the Company.

The Directors have responsibility for ensuring that the regulatory financial statements fairly present the financial position, financial performance and cash flows of, or reasonably attributable to, the transmission business.

The Directors have responsibility to ensure that, so far as reasonably practicable, the regulatory financial statements included in the regulatory accounts have the same form and content as the equivalent regulatory statutory accounts of the parent Company and Group and that they comply in all material respects with all relevant accounting standards and financial reporting standards currently in force which have been issued or adopted by the International Accounting Standards Board and endorsed by the European Union.

The Directors have responsibility to ensure that the regulatory financial statements include an Statement of Profit & Loss a statement of changes in equity and, if appropriate, a statement of recognised income and expense, a Statement of Financial Position and a cash flow statement, including notes thereto. The Directors also have responsibility to ensure that the regulatory financial statements include a statement of accounting policies adopted, a corporate governance statement, a Directors' Report and an Operating and Financial Review.

The Directors have responsibility to ensure that the regulatory financial statements show separately and in appropriate detail the amounts of any revenues, costs, assets, liabilities, reserves or provisions that have been charged from or to the ultimate controller (or that of its subsidiaries other than the Company) of the Company, or that have been determined by allocation or apportionment to the transmission business or between any other business of the licensee or affiliate or related undertaking together with a description of the basis of apportionment or allocation.

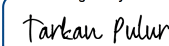
The Directors have a responsibility to provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and to detect fraud and irregularities.

The Directors, having prepared the regulatory financial statements, have requested the auditor to take whatever steps and to undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

31 July 2025

This report was approved by the Board on and was signed on its behalf by:

DocuSigned by:

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Tarkan Pulur
Director

GREATER GABBARD OFTO PLC

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

The Company does not have a premium listing of equity share and is therefore not subject to the UK Corporate Governance Code but seeks to apply the principles of the Code.

As a subsidiary undertaking of Greater Gabbard OFTO Holdings Limited ("GGOHL") the Company operates within the corporate governance framework of GGOHL and its subsidiary undertakings ("the Group"). Consequently, an understanding of the Group's governance framework is required to understand the Company's position within that framework.

Appointments to the Board of Directors of GGOHL and its subsidiary undertakings are governed by a shareholders' agreement ("the Agreement") between the shareholders of GGOHL that jointly control this Company through a common class of ordinary shares, Equitix Transmission 2 Limited and Equitix Capital Investors UK Cable Limited. The Directors receive no emoluments from the Company, consequently there is no link to the service standards of the Company. The Agreement requires that all Boards within the Group must comprise one Director appointed by each shareholder. Consequent upon these arrangements between the shareholders, no Group company has a nomination committee and the performance of the Boards is not evaluated.

The Agreement ensures that Boards are balanced, with no one shareholder having majority representation, and allows the Group to draw on the respective financial and operational expertise of each of its shareholders. Accordingly, the Directors have the relevant expertise and experience, drawn from their involvement in a wide range of infrastructure companies, to define and to develop the strategy of the Company so as to meet its objectives and to generate or preserve value over the longer term. The Directors regularly review the effectiveness of the Group's risk management and internal control framework and are satisfied that they are effective.

GGOHL

Meetings of the Board of GGOHL

GGOHL is governed by a Board of two executive Directors. There are no non-executive or independent Directors. The GGOHL Board does not have a separately appointed chairman. Meetings are chaired by a member of the GGOHL Board and are convened as required, but usually four times per annum. The GGOHL Board is accountable to the shareholders of GGOHL for the good conduct of the Group's affairs, including those of the Company.

Audit committee

The Group does not have an internal audit function. The Directors have concluded that the Company is far too small to have such a function and assessment of internal controls are via an Audit Committee. This committee is comprised of the Board and meetings are held four times per annum. The purpose of the Audit Committee is to assist the Board of the Company in the effective discharge of its responsibilities for the consideration of financial and regulatory reporting and for internal control principles in order to ensure high standards of probity and transparency. The Audit Committee acts to safeguard the interests of its shareholders by:

- monitoring the integrity of financial and financial regulatory reports issued by GGOHL and its two subsidiary undertakings with the objective of ensuring that these reports present a fair, clear, and balanced assessment of the position and prospects of the Group including the Company, as the case may be;
- reviewing and challenging key accounting policies and key judgements and estimates
- reviewing the economy, efficiency and effectiveness of the Group's operations and internal controls, the reliability and integrity of information and accounting systems, and the implementation of established policies and procedures;
- reviewing and approving the internal control and risk management policies applicable to the Group;
- maintaining an appropriate relationship with the external auditors and assessing independence and effectiveness.

GREATER GABBARD OFTO PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

The Company

Board and management meetings

The Company is governed by a Board of two executive Directors, none of whom are independent. The Board does not have a separately appointed chairman. Meetings are chaired by a member of the Board and are convened as required, but usually not less than four times per annum. The Company Board is responsible for monitoring the effectiveness of the day-to-day operation and management of the Company's regulated transmission business.

The Company's operating model is to outsource all O&M activities and asset management capability. EMS provides certain financial and management services to the Company through a PSA. Additional technical, accounting and administration support is provided to the Company by EMS through the PSA.

Directors and their attendance at Company Board meetings

The Directors of the Company are as shown below. Board meetings were held on four occasions during the year under review. Attendance by the Directors at Board meetings, expressed as a number of meetings attended out of a number eligible to attend is shown below:

Tarkan Pulur (4 of 4)

Jonathan Ball - appointed 16 December 2024 (1 of 4)

Jemma Sherman - resigned 16 December 2024 (3 of 4)

Compliance committee

The Company has a Compliance Committee. The Compliance Committee is a permanent internal body having an informative and consultative role to fulfil the compliance requirements of the Licence, without executive functions, with powers of information, assessment, and presentations to the Board. Following consultation with the Gas and Electricity Markets Authority, on 25 November 2013 the Board appointed Henderson Loggie LLP as Compliance Officer. Henderson Loggie is not engaged in the management or operation of the Company's Licensed transmission business system, or the activities of any associated business. The Compliance Officer is required to report to the Compliance Committee and the Boards of the Group at least once annually.

The principal role of the Compliance Officer is to provide relevant advice and information to Directors of the Company, the Compliance Committee and consultants and other third parties providing services to the Company. The Compliance Officer is required to facilitate compliance with the Licence as regards: the prohibition of cross subsidies; restriction of activities and financial ring fencing; the conduct of the transmission business and restriction on the use of certain information. In addition, the Compliance Officer is required to monitor the effectiveness of the practices, procedures and systems adopted by the Company in accordance with the compliance statement required by amended standard condition E12 - C2 of the Licence (Separation and Independence of the Transmission Business).

Members of the Compliance Committee and their attendance, expressed as a number of meetings attended out of a number eligible to attend during the year under review was as follows:

Tarkan Pulur (1 of 1)

Jemma Sherman (1 of 1)

Jonathan Ball (0 of 1)

The Compliance Committee met in June 2025 to receive the compliance report for the year ended 31 March 2025 from the Compliance Officer and in turn produced a report approved by the Board.

GREATER GABBARD OFTO PLC

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Compliance statement

The Company has published a compliance statement and code of conduct "Separation and Independence of the Transmission Business Compliance Statement" (copy available from www.ggofto.co.uk) that addresses how the Company has addressed its Licence obligations.

Health, Safety and Environment

The Board recognises that the nature of the Company's business requires an exceptional focus on health, safety and the environment (HSE). The OFTO General Manager provides the Board with a monthly report that shows HSE performance through the month and year to date.

The OFTO Board has a Health and Safety Committee that meets at least bi-annually and comprises the Director Responsible for Health and Safety, the "OFTO Representative", OFTO General Manager and co-opted members as appropriate, with the following objectives:

- Ensure the OFTO achieves the highest possible levels of HSE performance through the use of leading and lagging indicators
- Ensure that the OFTO incorporates best practice
- Create a culture of innovation to promote and develop new ways of working that will transform operational practice in the pursuit of excellence in HSE
- Oversee HSE management to ensure that:
 - Appropriate levels of Assurance and reporting are provided by the various parties with accountability in the area of HSE
 - All Accidents, HSE Incidents and Near Misses are reviewed and actions implemented

There have been no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) reportable incidents or accidents to date.

GREATER GABBARD OFTO PLC

INDEPENDENT AUDITOR'S REPORT TO THE GAS AND ELECTRICITY MARKETS AUTHORITY (THE "REGULATOR") AND THE DIRECTORS OF GREATER GABBARD OFTO PLC.

For the purpose of this report, the terms “we” and “our” denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Greater Gabbard OFTO Plc (“the company”).

Opinion

We have audited the regulatory financial statements, included within the regulatory accounts which comprise:

- Accounting policies
- The Income Statement for the year then ended;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Financial Position as at 31 March 2025;
- the Statement of Changes in Equity for the year then ended;
- the Cash Flow Statement for the year ended, and
- Notes 1 to 26 of the regulatory financial statements.

In our opinion, Greater Gabbard OFTO plc's non-statutory regulatory financial statements for the year ended 31 March 2025 have been properly prepared, in all material respects, in accordance with standard condition E2 of the company's Regulatory Licence and the Accounting Policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”), including ISA (UK) 800, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the regulatory accounts section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of regulatory financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

Without modifying our opinion, we draw attention to the Accounting Policies, which describes the basis of preparation of the regulatory financial statements. The regulatory financial statements are separate from the statutory financial statements of the company and are prepared in accordance with standard condition E2 of the regulatory licence. Where consistent with standard condition E2 of the regulatory licence, the regulatory financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRS IC) and with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. Financial information other than that prepared on the basis of IFRSs does not necessarily represent a true and fair view of the financial performance or financial position of a company. As a result, the regulatory financial statements may not be suitable for another purpose.

The nature, form and content of the regulatory financial statements are determined by the Regulator. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable for the Regulator's purposes. Accordingly, we make no such assessment.

In addition, we draw attention to the fact that these regulatory financial statements have not been prepared under section 394 of the Companies Act 2006 and are not the company's statutory financial statements.

GREATER GABBARD OFTO PLC

INDEPENDENT AUDITOR'S REPORT TO THE GAS AND ELECTRICITY MARKETS AUTHORITY (THE "REGULATOR") AND THE DIRECTORS OF GREATER GABBARD OFTO PLC. (CONTINUED)

Conclusions relating to going concern

We have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the company's operations and specifically its business model.
- The evaluation of how those risks might impact on the company's available financial resources.
- Where additional resources may be required the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Regulatory Accounts other than the regulatory financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the regulatory financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the regulatory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the regulatory financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the regulatory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

The Directors' report, strategic report and corporate governance statement

The company's Regulatory Licence, standard condition E2, requires the regulatory financial statements and the directors' report, strategic report, and corporate governance statement to be prepared as if the company were a quoted company and as if the regulatory financial statements were the company's statutory financial statements prepared in accordance with Part 15 of the Companies Act 2006. The directors have therefore prepared a directors' report, strategic report, and corporate governance statement accompanying the regulatory financial statements. Under the terms of our contract we have assumed responsibility to provide those opinions that would be provided if this were the statutory annual report of a quoted company, in accordance with the Companies Act 2006.

In our opinion, based on the responsibilities described above and our work undertaken in the course of the audit:

- the information given in the directors' report and strategic report for the financial year for which the regulatory financial statements are prepared is consistent with the regulatory financial statements and has been prepared in accordance with applicable legal requirements;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the directors' report and strategic report;
- the information given in the corporate governance statement set out on pages 21 to 23 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the regulatory financial statements and has been prepared in accordance with applicable legal requirements.

GREATER GABBARD OFTO PLC

INDEPENDENT AUDITOR'S REPORT TO THE GAS AND ELECTRICITY MARKETS AUTHORITY (THE "REGULATOR") AND THE DIRECTORS OF GREATER GABBARD OFTO PLC. (CONTINUED)

Responsibilities for the regulatory financial statements and the audit

Responsibilities of the directors for the regulatory financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors are responsible for the preparation of the regulatory financial statements in accordance with standard condition E2 and the company's Regulatory Licence, and the Accounting Policies and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of regulatory financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these regulatory financial statements.

A further description of our responsibilities for the audit of regulatory financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body for the company to meet its obligation included in standard condition E2 of the company's Regulatory Licence dated 10 September 2013 and to facilitate the carrying out by the Regulator of its regulatory functions in accordance with our engagement letter dated 15 May 2025 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Our opinion on the regulatory financial statements is separate from our opinion on the statutory financial statements of the company for the year ended 31 March 2025, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "statutory audit") was made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our statutory audit work was undertaken so that we might state to the company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

GREATER GABBARD OFTO PLC

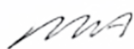
INDEPENDENT AUDITOR'S REPORT TO THE GAS AND ELECTRICITY MARKETS AUTHORITY (THE "REGULATOR") AND THE DIRECTORS OF GREATER GABBARD OFTO PLC. (CONTINUED)

Other required reporting

Opinion on matters prescribed by standard condition E2 of the Regulatory Licence

Under the terms of our contract we have assumed responsibility to report to you in respect of matters specified by standard condition E2. We are therefore required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- the regulatory financial statements are not in agreement with the accounting records and returns retained for the purpose of preparing the regulatory financial statements. We have no exceptions to report arising from this responsibility.



Atul Kariya (Senior Statutory Auditor)

For and on behalf of MHA

Date: ..31/07/2025....

Chartered Accountants

Statutory Auditor

6th Floor
2 London Wall Place
London
EC2Y 5AU

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

GREATER GABBARD OFTO PLC**INCOME STATEMENT*****FOR THE YEAR ENDED 31 MARCH 2025***

	Notes	2025 £'000	2024 £'000
Operating income		6,365	5,274
Gross profit		6,365	5,274
Operating costs		(5,276)	(4,214)
Operating profit		1,089	1,060
Investment revenues	9	17,050	18,121
Finance costs	10	(10,549)	(13,988)
Profit before taxation		7,590	5,193
Income tax income/(expense)	11	(3,258)	(4,353)
Profit for the year		4,332	840

The notes on pages 33 to 60 form part of these regulatory financial statements.

GREATER GABBARD OFTO PLC**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2025

	2025	2024
	£'000	£'000
Profit for the year	4,332	840
	<u> </u>	<u> </u>
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Cash flow hedges:		
Hedging gain arising in the year	4,064	1,165
Deferred taxation on cash flow hedges	(1,016)	(291)
	<u> </u>	<u> </u>
Total items that may be reclassified to profit or loss	4,064	1,165
	<u> </u>	<u> </u>
Total other comprehensive income for the year	3,048	874
	<u> </u>	<u> </u>
Total comprehensive income for the year	7,380	1,714
	<u> </u>	<u> </u>

GREATER GABBARD OFTO PLC**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2025**

	Notes	2025 £'000	2024 £'000
Non-current assets			
Investments	12	217,013	237,851
Current assets			
Inventories		635	635
Investments	12	17,153	16,080
Trade and other receivables	14	13,008	6,755
Cash and cash equivalents		29,082	24,529
		59,878	47,999
Current liabilities			
Trade and other payables	17	2,207	1,470
Loans and borrowings	16	23,067	24,021
		25,274	25,491
Net current assets		34,604	22,508
Non-current liabilities			
Loans and borrowings	16	202,840	219,605
Deferred tax liabilities	13	10,330	6,057
Long term provisions	19	10,997	10,563
Derivative financial instruments		15,894	19,958
		240,061	256,183
Net assets		11,556	4,176
Equity			
Called up share capital	20	51	51
Hedging reserve		(11,920)	(14,968)
Retained earnings		23,425	19,093
Total equity		11,556	4,176

The notes on pages 33 to 60 form part of these regulatory financial statements.

The regulatory financial statements were approved by the board of directors and authorised for issue on 31 July 2025 and signed on its behalf by:

DocuSigned by:

AE451A9389FEA445.....

Tarkan Pular
Director

Company registration number 08180541 (England and Wales)

GREATER GABBARD OFTO PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2025

	Share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2023	51	(15,842)	18,253	2,462
Year ended 31 March 2024:				
Profit	-	-	840	840
Other comprehensive income:				
Cash flow hedges gains	-	1,165	-	1,165
Tax relating to other comprehensive income	-	(291)	-	(291)
Total comprehensive income	-	874	840	1,714
Balance at 31 March 2024	51	(14,968)	19,093	4,176
Year ended 31 March 2025:				
Profit	-	-	4,332	4,332
Other comprehensive income:				
Cash flow hedges gains	-	4,064	-	4,064
Tax relating to other comprehensive income	-	(1,016)	-	(1,016)
Total comprehensive income	-	3,048	4,332	7,380
Balance at 31 March 2025	51	(11,920)	23,425	11,556

GREATER GABBARD OFTO PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £'000	£'000	2024 £'000	£'000
Cash flows from operating activities					
Cash generated from operations	25		18,577		13,915
Investing activities					
Interest received		1,717		1,554	
Net cash generated from investing activities			1,717		1,554
Financing activities					
Repayment of senior debt		(15,741)		(15,242)	
Net cash used in financing activities			(15,741)		(15,242)
Net increase in cash and cash equivalents			4,553		227
Cash and cash equivalents at beginning of year			24,529		24,302
Cash and cash equivalents at end of year			29,082		24,529

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2 Material accounting policies

Company information

Greater Gabbard OFTO Plc is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD. The company's principal activities and nature of its operations are disclosed in the directors' report.

2.1 Accounting convention

These regulatory financial statements have been prepared in accordance with standard condition E2 of the licence on a going concern basis. They are prepared in accordance with UK adopted international accounting standards and those parts of the Companies Act 2006 relevant to companies preparing their financial statements in accordance with UK adopted International Financial Reporting Standards. The regulatory financial statements have been prepared on an historical cost basis except for the revaluation of derivative financial instruments. The accounting policies have been applied consistently, other than where new policies have been adopted. The regulatory financial statements are presented in "GBP", which is the functional currency of the Company and are rounded to the nearest £1,000.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates as referred in section 'Critical judgements' on page 39.

2.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors consider that the Company has adequate resources to continue in business for the foreseeable future, for at least 12 months from the approval date of these financial statements, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company. More details of the Company's funding and liquidity position are provided in the Operating and Financial Review under the headings "Current funding structure" and "Going concern, liquidity and treasury management".

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

2 Material accounting policies

(Continued)

2.3 Revenue

Transmission availability arrangements - income and related recognition

The Company owns and operates an electricity transmission network that is principally offshore based. This network electrically connects a wind farm generator to the onshore electricity transmission operator (NGESO). The ownership of this transmission network is subject to regulatory and contractual arrangements that permit it to charge for making its transmission network available ("transmission availability charges") to the wind farm generator thereby allowing the wind farm generator to transmit its electricity.

The characteristics of the regulatory, legal and contractual arrangements that give rise to the transmission availability charges referred to above are consistent with the principles contained within IFRIC 12, an interpretation issued by the IFRS Interpretations Committee. Consequently, the accounting for charges made by the Company for transmission network availability is consistent with that interpretation.

The major characteristics that result in the application of IFRIC 12 include the following:

- the regulatory arrangements determine the price charged by the Company for its transmission availability services; and
- the regulator has granted a licence to operate the transmission system for an exclusive period of around 20 years and retains the rights to grant a transmission licence to a future operator.

A Transmission owner asset has been recognised at cost in accordance with the principles of IFRIC 12. The Transmission owner asset includes: the cost of acquiring the Transmission network asset from the constructor of the network; and those costs incurred that are directly attributable to the acquisition of the transmission network. The Transmission Owner asset has been classified as a financial asset and is accounted for as described below. "Financial instruments".

In accordance with IFRIC 12 and IFRS 15, transmission availability charges are recognised in the regulatory financial statements in three ways:

- as an adjustment to the carrying value of the Transmission owner asset – see "Financial Instruments" below;
- as finance income - see "Operating and finance income" below;
- as operating income - see "Operating and finance income" below.

Transmission availability payments are recognised at the time the transmission service is provided.

The value of amounts invoiced for transmission availability services in any one year is determined by a regulatory agreement that allows the transmission system operator to invoice an amount primarily relating to the expected availability of the transmission system during that year, together with the recovery of certain costs. Where the level of availability of the transmission system or the costs that are permitted to be recovered is different to that expected this might result in an adjustment to charges in a subsequent accounting period. Such potential adjustments to future charges are not recognised in the regulatory financial statements as assets or liabilities, until as such time as prices are changed to reflect these adjustments and, consequently, there is no impact on the Income Statement until such time as prices are changed.

Operating and finance income

General

As indicated above, see "Transmission availability arrangements", amounts invoiced in respect of transmission availability charges, net of Value Added Tax, are attributed to operating income, finance income or as an adjustment to the carrying value of the Transmission owner asset in the manner described below. Finance and operating income reflect the principal revenue generating activity of the Company, that being revenue associated with the provision of transmission availability services and consequently, are presented as separate line items within the Statement of Profit or Loss before other costs and net interest costs.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

2 Material accounting policies

(Continued)

Operating income

Operating income represents the income derived from the provision of operating services. Such services include those activities that result in the efficient and safe operation of the Company's transmission assets, and are reflective of the costs incurred in providing those services, including the cost of operations and maintenance and insuring the transmission assets on behalf of a stand-alone transmission owner. An estimate has been made as to the appropriate revenue that should be attributable to a stand-alone operator with responsibility for operations, maintenance and insurance.

Finance income

Finance income arising from the provision of transmission availability services represents the return that an efficient stand-alone "transmission owner" would expect to generate from the holding of the Transmission owner asset and an estimate has been made as to the appropriate return that such an owner would generate having regard to the risks associated with those arrangements. The return that is generated on this asset is allocated to each period using the effective interest rate method.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash held at bank and in hand, together with short-term highly liquid investments with an original maturity of less than three months from acquisition that are readily convertible to known amounts of cash, and subject to an insignificant change in value.

2.5 Financial instruments

Financial assets, liabilities, and equity instruments are classified according to the substance of the contractual arrangements entered into, and recognised on the trade date.

Trade and loan receivables, including time deposits and demand deposits, are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts. Expected credit losses are considered at each reporting date. Indications that the trade or loan receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtor's insolvency, and default or significant failure of payment.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

The Transmission owner asset is classified as a contract asset under IFRIC 12 and is carried at amortised cost using the effective interest rate method reflecting adjustments to its carrying value as referenced above – see "Transmission availability arrangements". The annual revenue is agreed upfront with the client including the RPI uplift per the licence. The maximum credits available are 5% and penalties available are 10% of base revenue for that year which is shared. Due to the nature of the contractual arrangements the projected cash flows can be estimated with a high degree of certainty. Finance income relating to the Transmission owner asset is recognised in the Income Statement as a separate line item – "Finance income", see "Operating and finance income" below.

Borrowings, which include fixed interest-bearing debt, are initially recorded at fair value under IFRS 9.

Subsequently all borrowings are stated at amortised cost, using the effective interest rate method.

Derivative financial instruments are recorded at fair value, and where the fair value of a derivative is positive, it is carried as a derivative asset and, where negative, as a derivative liability. Gains and losses arising from the changes in fair value are included in other comprehensive income in the period they arise.

There are no embedded derivatives in host contracts that are not considered to be closely related; consequently, no embedded derivatives are separately accounted for as derivative financial instruments.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

2 Material accounting policies

(Continued)

2.6 Hedge accounting

The Company continues to apply under IFRS 9 those cash flow hedging arrangements that were originated when the subsidiary previously applied IAS 39.

The Company has entered into an arrangement with third parties that is designed to hedge future cash receipts arising from its activities as a provider of transmission availability services (RPI swaps). The Company has designated that this arrangement is a hedge of another (non-derivative) financial instrument, to mitigate the impact of potential volatility on the Company's net cash flows.

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement.

Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised Other Comprehensive Income and any ineffective portion is recognised immediately in the Income Statement. Amounts taken to equity via other comprehensive income in respect of cash flow hedges are subsequently recognised in the Income Statement in the same period in which the hedged item affects net profit or loss.

2.7 Income taxation

Income taxation comprises current and deferred taxation. Income taxation is recognised where a taxation asset or liability arises that is permitted to be recognised under generally accepted accounting principles. All identifiable taxation assets or liabilities are recognised in the Income Statement except to the extent that the taxation arising relates to other items recognised directly in equity, in which case such taxation assets or liabilities are recognised in equity.

Current tax

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax

Deferred taxation is provided using the Statement of Financial Position liability method, and is recognised on temporary differences between the carrying amounts of assets and liabilities in the regulatory financial statements, and the corresponding tax bases used in the computation of taxable profit.

Deferred taxation liabilities are generally recognised on all taxable temporary differences, and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the Statement of Financial Position date.

Unrecognised deferred taxation assets are reassessed at each Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred taxation asset to be recovered.

Corporation tax is recognised in the profit and loss account. Deferred tax on cash flow hedges is recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

2 Material accounting policies

(Continued)

2.8 Decommissioning costs

Provision is made for costs expected to be incurred at the end of the useful life of the offshore transmission network associated with the safe decommissioning of that network. Provision for these costs is based on future estimated expenditures. Changes in the provision arising from revised estimates or changes in the expected timing of expenditures, are recognised in the statement of profit or loss. Changes in estimates arising from revised cost assessments are included within operating costs.

3 Critical accounting estimates and judgements

The preparation of regulatory financial statements requires management to make accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period the revision occurs. The following is a summary of the critical accounting policies adopted by the Company together with information about the key judgements, estimations and assumptions that have been applied.

Critical judgements

i) Transmission availability arrangements - income and related recognition

The Directors after due enquiry have identified that the characteristics of the regulatory, legal and contractual arrangements that give rise to transmission availability charges are consistent with the principles contained within IFRIC 12 and IFRS 15. Consequently, the accounting for charges made by the Company for transmission network availability is consistent with that interpretation.

As a consequence of this decision, the following outcomes follow:

- a. A Transmission owner asset has been recognised at cost in accordance with the principles of IFRIC 12 and IFRS 15; and
- b. In accordance with IFRIC 12 and IFRS 15, transmission availability charges are recognised in the regulatory financial statements in three ways: as finance income, as operating income and as an adjustment to the carrying value of the Transmission owner asset.

An alternative accounting analysis could result in a significantly different accounting outcome which would affect the amounts and classification of asset and liabilities in the Statement of Financial Position and alter the income recognition and presentation of amounts included within the Income Statement.

The Company has determined that the Transmission owner asset will be recovered over a period of 20 years from the date of Licence grant (29 November 2013) – being the principal period over which the Company is permitted to levy charges for transmission availability. This assumption has the effect of determining the amount of finance income and carrying value of the Transmission owner asset that is recognised in any one year over the life of the project.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

3 Critical accounting estimates and judgements

(Continued)

ii) Operating and finance income

Operating income

Operating income represents the income derived from the provision of operating services to our principal customer, NGESO. Such services include those activities that result in the efficient and safe operation of those assets and are reflective of the costs incurred in providing those services, including the cost of insuring those assets on behalf of a stand-alone transmission owner. Upon commencement of the contract, estimates and judgements were made by management to estimate the appropriate amount of revenue that would be attributable to this income classification, as if this service were provided by an independent stand-alone operator with responsibility for operations, maintenance and insurance. To the extent that an alternative judgement or estimate was made as to the reasonable level of revenue attributable to such an operator, then in the case of the Company, the level of income attributed to finance income (see below) would be amended.

Finance income

Finance income arising from the provision of transmission availability services represents an estimate of the return that an efficient stand-alone and independent "transmission owner" would expect to generate from the holding of the Transmission owner asset. Estimates and judgements have been exercised by management to determine an appropriate return to the owner of such an asset having regard to the risks associated with those arrangements. To the extent that an alternative judgement or estimate was made as to the reasonable level of return attributable to such a transmission asset owner, then in the case of the Company, the level of income attributed to operating income (see above) would be amended.

iii) Hedge accounting and consideration of the fair value of derivative financial instruments

The Company uses derivative financial instruments to hedge certain economic exposures in relation to movements in RPI as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Company fair values its derivative financial instruments and records the fair value of those instruments on its Statement of Financial Position. Estimates and judgements have been exercised by management to determine an appropriate profile on inflation and interest rates. This has been done by benchmarking the fair value of the derivative financial instruments against a third party external valuation performed by experts.

Movements in the fair values of the Company's derivative financial instruments may be accounted for using hedge accounting where the requirements of hedge accounting are met under IFRS including the creation of compliant documentation and meeting the effectiveness testing requirements. If a hedge does not meet the criteria for hedge accounting, or where there is some degree of ineffectiveness, then the change in fair value in relation to these items will be recorded in the Income Statement. Otherwise, in respect of the Company's derivative financial instruments, these changes in fair value are recognised in other comprehensive income.

The Company's derivative financial instruments currently meet the stringent hedge accounting criteria under IFRS and all movements in fair value of these instruments have been recognised in other comprehensive income. If these hedging criteria had not have been met these movements would have been recognised in the Income Statement.

As referred to above, the Company carries its derivative financial instruments in its Statement of Financial Position at fair value. No market prices are available for these instruments and consequently the fair values are derived using financial models developed by a third party that is independent of the Company, but use observable market data in respect of RPI and interest rates as an input to valuing those derivative financial instruments. Where observable market data is not available, as in the case of valuing the Transmission owner asset, unobservable market data is used which requires the exercise of management judgement.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

3 Critical accounting estimates and judgements

(Continued)

iv) Income taxation

Current taxation

The taxation charge or credit arising on profit before taxation and in respect of gains or losses recognised through other comprehensive income reflect the tax rates in effect or substantially enacted at the Statement of Financial Position date as appropriate. The determination of appropriate provisions for taxation requires the Directors to take into account anticipated decisions of HM Revenue and Customs which inevitably requires the Directors to use judgements as to the appropriate estimate of taxation provisions.

Deferred taxation

Deferred taxation is provided using the Statement of Financial Position liability method and is recognised on temporary differences between the carrying amounts of assets and liabilities in the regulatory financial statements and the corresponding taxation bases used in the computation of taxable profit.

Judgements are required to be made as to the calculation and identification of temporary differences and in the case of the recognition of deferred taxation assets, the Directors have to form an opinion as to whether it is probable that the deferred taxation asset recognised is recoverable against future taxable profits arising. This exercise of judgement requires the Directors to consider forecast information over a long time horizon having regard to the risks that the forecasts may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset.

v) Decommissioning Provision

Provisions are made for certain liabilities where the timing and amount of the liability is uncertain. The Company's only provision relates to the estimated costs of decommissioning the Company's offshore transmission system at the end of its expected economic life - being 20 years. These estimated costs have then been discounted at an appropriate rate (6.41%) and the resultant liability reflected in the balance sheet. This rate has been provided by an independent third party with relevant and professional expertise and therefore no range/sensitivity has been included. The plan for decommissioning these assets is being reviewed compared to the plans submitted at financial close. The revised plan is due to be submitted to the Secretary of State for Department for Energy Security and Net Zero in the upcoming year.

The estimates and judgements used in determining the carrying value of this provision include, but are not limited to, the following:

- the estimated economic useful life of the transmission system is assumed to be 20 years being the period the Company has exclusive rights to operate under the Licence and collect revenue which is expected to generate the vast majority of cash flows relating to the ownership of the system.
- estimates of costs relating to the appropriate and safe removal, disposal, recycle and making safe of the transmission system having regards to market prices and access to the appropriate level of technology; and
- discount rate appropriate to the 20 year life of the assets being decommissioned. The Company has adopted the practice (absent a significant unforeseen event taking place) of considering the appropriate discount rate to apply to be the finance interest rate applicable to the project life, reflective of the long term nature of this liability, rather than re-evaluating the discount rate over a shorter time period.

The estimates are based on management estimates with the use of technical consultants and are subject to review annually. The initial estimated discounted cost of decommissioning the offshore transmission system is included within the carrying value of the Transmission owner asset. All subsequent changes to estimates in relation to estimated gross cost of decommissioning or the appropriate discount rate are reflected in the income statement via changes in the service margin applied to calculate the operating income.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

4 Adoption of new and revised standards and changes in accounting policies

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The following are new standards and interpretations not yet adopted:

- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027).

5 Operating segment

The Board of Directors is the Company's chief operating decision-making body. The Board of Directors has determined that there is only one operating segment – electricity transmission. The Board of Directors evaluates the performance of this segment on the basis of profit before and after taxation, and cash available for debt service (net cash inflows from operating activities less net cash flow used in investing activities). The Company and segmental results, Statement of Financial Position and relevant cash flows can be seen in the Income Statement, the Statement of Financial Position and cash flow statement on page 28, 30 and 32 respectively. Additional notes relating to the Company and segment are shown in the notes to the regulatory financial statements on pages 33 to 60.

The electricity transmission operation of the Company comprises the transmission of electricity from a wind farm located approximately 26km off the coast of Suffolk within the Thames Estuary, and then connecting directly into the national grid at an electricity substation near Sizewell.

All of the Company's sales and operations take place in the UK.

All of the assets and liabilities of the Company arise from the activities of the segment.

6 Operating income

Operating income of £6,365k (2024: £5,274k) relates primarily to the Company's activity as a provider of electricity transmission services to the Company's principal customer – NGESO. All of the Company's income is derived from NGESO.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

7 Operating costs

Operating costs are analysed below:

	2025	2024
	£'000	£'000
Operations and maintenance	3,253	1,898
Insurance costs	1,158	1,276
Non-domestic rates	677	635
Professional services fees	22	323
Auditor's remuneration	84	46
Other professional services	82	36
Directors' remuneration(1)	-	-
Total	5,276	4,214
 Auditor's remuneration (1)	 76	 38
Other services supplied pursuant to legislation (1)	8	8
Total	84	46

(1) These represent fees payable for services in relation to engagements which are required to be carried out by the independent auditor. In particular this includes fees for audit reports on statutory and regulatory returns.

The Directors received no salary, fees or other benefits in the performance of their duties during the current or preceding year. There were no Directors' fees paid by the Company. The Company had no employees in the current or preceding year other than directors. All salary, fees or other benefits of the Directors and other staff are borne by the shareholders who second their employees to the Company.

8 Auditor's remuneration

	2025	2024
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	84	46
	<u>84</u>	<u>46</u>

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

9 Investment income

	2025 £'000	2024 £'000
Interest income		
Bank deposits	1,718	1,554
Other interest income on financial assets	15,332	16,567
	<u>17,050</u>	<u>18,121</u>
Total interest revenue	<u>17,050</u>	<u>18,121</u>

Income above relates to assets held at amortised cost, unless stated otherwise.

10 Interest expense and other financial costs

	2025 £'000	2024 £'000
Interest on senior debt	7,698	8,328
Interest on subordinated debt	2,694	5,324
Other financial costs	157	336
	<u>10,549</u>	<u>13,988</u>
Total interest expense	<u>10,549</u>	<u>13,988</u>

11 Income tax expense

	2025 £'000	2024 £'000
Deferred tax		
Origination and reversal of timing differences	3,258	4,353
	<u>3,258</u>	<u>4,353</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2025 £'000	2024 £'000
Profit before taxation	<u>7,590</u>	<u>5,193</u>
Expected tax charge based on a corporation tax rate of 25.00% (2024: 25.00%)	1,898	1,298
Adjustment in respect of prior years	1,360	3,055
	<u>3,258</u>	<u>4,353</u>
Taxation charge for the year	<u>3,258</u>	<u>4,353</u>

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

11 Income tax expense

(Continued)

The net taxation charge on items included in other comprehensive income for the year is £3,258k (2024: £4,353k) and comprises a deferred tax credit on items arising in the current year computed at 25% (2024: 25%) of £10,330k (2024: £6,057k).

	2025 £'000	2024 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	1,016	291

12 Transmission owner asset

	Current		Non-current	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Investments held at amortised cost	17,153	16,080	217,013	237,851

The movement in the carrying value of the transmission owner asset is shown in the table below:

	2025 £'000	2024 £'000
At 1 April	253,931	259,376
Adjustment to the carrying value (1)	(19,765)	(5,445)
At 31 March	234,166	253,931
Comprising:		
Amounts falling due within one year	17,153	16,080
Amounts falling due after more than one year	217,013	237,851
	234,166	253,931

(1) Arising from the application of the effective interest rate method and reflected through finance income in the Statement of Profit & Loss.

The Transmission owner asset is carried at amortised cost. The estimated fair value of the Transmission owner asset at 31 March 2025 was £246,763k (2024: £294,634k). The basis for estimating the fair value of the Transmission owner asset was to estimate the net cash flows arising over the estimated economic life of the project, and to discount those expected net cash flows at a discount rate, representing an equivalent gilt rate plus a risk premium as estimated by the Board to apply to the asset of 6.60% (2024: 6.26%) per half year.

13 Deferred taxation

	Liabilities	
	2025 £'000	2024 £'000
Deferred tax balances	10,330	6,057

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

13 Deferred taxation

(Continued)

The net deferred taxation liability recognised in the Statement of Financial Position arises as follows:

	Fair value gains on derivatives £'000	Accelerated capital allowances £'000	Tax losses £'000	Total £'000
(Liability)/asset at 1 April 2023	5,280	(8,015)	1,322	(1,413)
Deferred tax movements in prior year				
(Charge)/credit to profit or loss	-	(15,887)	11,534	(4,353)
(Charge)/credit to other comprehensive income	(291)	-	-	(291)
(Liability)/asset at 1 April 2024	4,989	(23,902)	12,856	(6,057)
Deferred tax movements in current year				
(Charge)/credit to profit or loss	-	(3,258)	-	(3,258)
(Charge)/credit to other comprehensive income	(1,016)	-	-	(1,016)
(Liability)/asset at 31 March 2025	3,973	(27,158)	12,856	(10,330)

The Deferred tax liability of £10,330k (2024: £6,057k) is calculated at 25% (2024: 25%) and is due after more than 1 year.

The deferred tax asset is derived from tax losses in previous accounting years which will be used against future profits as currently forecast.

There were no unrecognised deferred tax assets in the year.

14 Trade and other receivables

	2025 £'000	2024 £'000
Prepayments	13,008	6,755

15 Cash and cash equivalents

Cash and cash equivalents include restricted amounts of £26,769k (2024: £22,160k) that the Company can only use for specific purposes and with the consent of the Company's lenders. Of the remaining cash and cash equivalents £2,313k (2024: £2,369k) require the consent of the Company's lenders prior to use, but are held for general corporate purposes.

The estimated fair value of cash and cash equivalents approximates to its carrying value.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

16 Loans and borrowings

	Current 2025 £'000	2024 £'000	Non-current 2025 £'000	2024 £'000
Borrowings held at amortised cost:				
Bank loans	23,067	24,021	202,840	219,605
			2025 £'000	2024 £'000
Secured borrowings included above:				
Bank loans			174,325	190,063
Arrangement fees			(678)	(885)
Debentures			52,259	54,447
			225,908	243,625

Total borrowings are repayable as follows:

	2025 £'000	2024 £'000
In one year or less	23,224	24,198
In more than one year, but not more than two years	20,100	16,952
In more than two years, but not more than three years	22,880	20,100
In more than three years, but not more than four years	23,885	22,880
In more than four years, but not more than five years	25,843	23,885
In more than five years other than by instalments	110,654	136,496
Less arrangement fees	(678)	(885)
	225,908	243,626

£305,140,000 4.137 per cent Secured Indexed Bonds due November 2032 were issued on 29 November 2013 and listed on the Euronext Dublin Stock Exchange and are secured over all of the assets of the Company.

The secured subordinated loan stock has been subscribed by a fellow Group company, Greater Gabbard OFTO Intermediate Limited. The loan stock bears interest at 10% per annum and is repayable in instalments between 2032 and 2034.

All borrowings are carried at amortised cost. There have been no instances of default or other breaches of the terms of the financing agreements during the year in respect of all borrowings outstanding at 31 March 2025.

The Company also has access to a liquidity facility of £7,715k (2024: £6,884k) that the Company can access in the event that it has an insurable or income adjusting event.

EIB has provided a letter of credit at a level of 15% of senior bonds outstanding which is £26,149k at 31 March 2025 (2024: £28,510k) as a form of subordinated credit enhancement instrument for the Company in relation to the bonds and the hedging agreements.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

17 Trade and other payables

	2025 £'000	2024 £'000
Trade payables	1,218	845
Accruals	107	(267)
Social security and other taxation	882	892
	<u>2,207</u>	<u>1,470</u>

Due to their short maturities, the fair value of all financial instruments included within trade and other payables approximates to their book value. Trade payables and accruals are measured at amortised cost.

18 Derivative financial asset

Derivatives are financial instruments that derive their value from the price of an underlying item, such as interest rates or other indices. The Company's use of derivative financial instruments is described below.

RPI swaps

The Company has entered into arrangements with third parties for the purpose of exchanging the majority (approximately 63.5%) of variable cash inflows arising from the operation of the Company's transmission assets in exchange for a pre-determined stream of cash inflows from these third parties. These arrangements meet the definition to be classified as derivative financial instruments. The Company entered into these derivative arrangements on 26 November 2013 with a forward start date for the calculation of the relevant rates commencing on 31 March 2012 and ending on 29 November 2032.

Under the terms of the Licence, regulatory and other contractual agreements, the Company is permitted to charge its principal customer, NGESO, an agreed amount for the services it provides. This amount is uplifted each year commencing 1 April by an amount computed by reference to the average increase in RPI over the previous 12-month period measured from 1 January through to 31 December. Where there is a reduction, or no increase, in the retail price index over the relevant period, then the charges remain unaltered from the previous year. These derivative arrangements (RPI swaps) have the effect of exchanging variable cash inflows (impacted by changes in RPI) in exchange for a known and predetermined stream of cash flows expected to arise over the same period.

Carrying value of all derivative financial instruments

All of the Company's derivative financial instruments are carried at fair value. The carrying value of all derivative financial liabilities at 31 March 2025 was liability of £15,894k (2024: £19,958k). All of the movement in the fair value of these derivative financial instruments has been recorded in the cash flow hedge reserve amounting to a credit of £4,064k (2024: credit £1,165k). The change in the carrying value is a result of changes in the RPI assumptions used for valuation purposes.

Ineffective portion of cash flow hedge recognised in the Statement of Profit & Loss was £nil (2024: £nil). No amounts were reclassified to Profit on Loss from Statement of Comprehensive Income during the year (2024: Nil).

Further details regarding financial instruments and their related risks are given in note 23.

19 Provisions for liabilities

All provisions are expected to be settled after more than 12 months from the reporting date.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

19 Provisions for liabilities

(Continued)

Movements on provisions:	Decommissioning provision £'000
At 1 April 2024	10,564
Unwinding of discount	433
At 31 March 2025	10,997

The provision for decommissioning relates to the decommissioning and related management costs for the necessary removal of transmission cables and equipment expected to occur at the end of the 20 year licence period. The provision was approved by management at the start of the license period, subject to an annual review.

The timing and amounts settled in respect of these provisions are uncertain and dependant on various factors that are not always within management control:

- the timing of decommissioning is contingent upon any re-powering of the offshore wind farm and therefore the potential for the transmission assets to be used beyond the initial licence revenue. In such circumstance, the cost for decommissioning would be expected to be deferred until such time as would be agreed in any subsequent term. However, current assumption is that it is too uncertain to assume the wind farm would be repowered and therefore, decommissioning costs have been assumed to be incurred at the earliest most likely date.

- the amount of costs to be incurred at the time of decommissioning have been estimated based upon expected costs of decommissioning. However, given the time frame for the incurring of such costs, the level of provision is reviewed on an annual basis. The current decommissioning provision represents the present value of expected future cash flows which are estimated to settle the entity's future obligations in relation to decommissioning.

- if the expected nominal cost of decommissioning in 2031, 2032 or 2033 was 10% higher or lower than that reflected in the decommissioning provision at 31 March 2025, this would have the effect of increasing or decreasing the carrying value of the decommissioning provision at 31 March 2025 to £12,725k (2024: £11,620k) and £10,412k (2024: £4,617k), respectively.

The provision is in line with guidelines that are legally enacted at the balance sheet date.

20 Share capital

	2025 Number	2024 Number	2025 £'000	2024 £'000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	50,999	50,999	51	51

The Company has one class of Ordinary Shares with a nominal value of £1 each 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.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

21 Analysis of changes in net debt

	1 April 2024	Cash flows	Other non-cash changes	Market value movements	31 March 2025
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	24,529	4,553	-	-	29,082
Borrowings*	(243,627)	17,719	-	-	(225,907)
Derivatives	(19,958)	-	-	4,064	(15,894)
	<u>(239,056)</u>	<u>22,272</u>	<u>-</u>	<u>4,064</u>	<u>(212,719)</u>
	1 April 2023	Cash flows	Other non-cash changes	Market value movements	31 March 2024
	£'000	£'000	£'000	£'000	£'000
Prior year:					
Cash at bank and in hand	24,302	227	-	-	24,529
Borrowings*	(262,120)	18,493	-	-	(243,627)
Derivatives	(21,122)	-	-	1,165	(19,958)
	<u>(258,940)</u>	<u>18,719</u>	<u>-</u>	<u>1,165</u>	<u>(239,056)</u>

*Cash flows made against borrowings consists of shareholder interest payments of £2,186k (2024: £3,475k), principal repayments on senior debt of £15,741k (2024: £15,242k) and movements on arrangement fees of £208k (2024: £223k).

22 Related party transactions

The following information relates to transactions with related parties during the year. These transactions were carried out in the normal course of business.

	Interest (1) (including indexation)		Services received (2)	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Greater Gabbard OFTO Intermediate Limited	2,694	3,550	-	-
Other related parties	-	-	327	300
	<u>2,694</u>	<u>3,550</u>	<u>327</u>	<u>300</u>

The following amounts were outstanding at the reporting end date:

	2025	2024
	£'000	£'000
Amounts due to related parties		
Greater Gabbard OFTO Intermediate Limited	<u>52,260</u>	<u>54,447</u>

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

22 Related party transactions

(Continued)

Outstanding balances include borrowings principle of £45,989,000 (2024: £45,989,000) and interest accrual of £6,272,000 (2024: £8,458,000).

(1) *Relates to funding related transactions and balances with the intermediate undertaking (GGOIL) all interest has been directly attributed to the Company.*

(2) *The other services rendered at 31 March 2025 of £327k (2024: £300k) relate to amounts due to Equitix Management Services Limited (EMS). EMS are engaged to provide services under a Management Services Agreement.*

A summary of funding transactions with the intermediate parent is shown below:

	2025 £'000	2024 £'000
Borrowings from intermediate undertaking (principal and accrued interest)		
At 1 April	54,447	57,923
Interest	(4,880)	(8,800)
Non-cash interest	2,694	5,323
At 31 March	52,260	54,447

Borrowings from the intermediate undertaking (GGOIL) were negotiated on normal commercial terms and are repayable in accordance with the terms of the secured 10% loan notes 2033 ("the notes"). Payments of interest were made during the year which amounted to £4,880k (2024: £8,800k). Non-cash interest of £2,694k (2024: £5,323k) relates to accrued interest on the secured 10% loan notes. Absent to any non-compulsory repayment of the notes, the notes are contractually repayable by 28 November 2033.

Equitix Management Services Limited ("EMS") was a related party of the Company during the year ended 31 March 2025 by virtue of it being a related party to Equitix Transmission 2 Ltd and Equitix Capital Investors UK Cable Limited through to 31 March 2025. The services provided to the Company by EMS, started on 1 February 2016, were under normal commercial terms and related to professional management and financial services as described in the amended PSA.

No amounts have been provided at 31 March 2025 (2024: £nil), and no expense was recognised during the year (2024: £nil) in respect of bad or doubtful debts for any related party transactions.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

23 Information relating to financial instruments and the management of risk

The following is an analysis of the Company's financial instruments at the Statement of Financial Position date, denoting financial instruments that are measured at carrying value versus financial instruments measured at fair value. The following techniques have been used to determine carrying values and fair values:

- Cash and cash equivalents – approximates to the carrying value because of the short maturity of these instruments;
- Transmission owner asset – based on the net present value of net discounted cash flows;
- Current borrowings – approximates to the carrying value because of the short maturity of these instruments;
- Non-current borrowings – based on the net present value of discounted cash flows in respect of the fixed rate bank bond and loans notes due 2033;
- Derivative financial instruments – based on the net present fair value of discounted cash flows;
- Financial instrument receivables and payables - approximates to the carrying value because of the short maturity of these instruments; and

The table below summarises the value of the Company's financial instruments at the Statement of Financial Position date, using the techniques described above. The table excludes those instruments where the carrying value approximates to fair value as a result of the short maturity of those instruments. Consequently, no financial instruments which fall due within the next twelve months are included in this table.

	Recorded Value		Valuation method
	2025	2024	
	£'000	£'000	
<u>Non-current assets</u>			
Transmission owner asset	234,167	234,167	Carrying value
Total	234,167	234,167	
<u>Non-current liabilities</u>			
Fixed rate bank bond	157,373	174,322	Carrying value
Loan notes 2033	45,989	45,989	Carrying value
Derivative financial instruments	15,894	19,958	Fair value
Total	219,256	240,269	

Derivative financial instruments have been valued using Level 2 valuation techniques which means that in respect of the Company's financial instruments these have been valued using models where all significant inputs are based directly or indirectly on observable market data. These inputs are primarily data received from institutional loan counter parties using standard market measurement techniques. The valuation is sensitive to RPI changes and underlying changes in costs for decommissioning.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

23 Information relating to financial instruments and the management of risk

(Continued)

The valuation categories that have been assigned to these financial instruments have been applied throughout the year and there have been no reclassifications or transfers between the various valuation categories during the year.

Management of risk

The Board has overall responsibility for the Company's risk management framework. This risk framework is discussed further in the Operating and Financial Review.

The Company's activities expose it to a variety of financial risks, which arise in the normal course of business: market risk, credit risk, and liquidity risk. The overall risk management programme seeks to minimise the net impact of these risks on the operations of the Company by using financial instruments, including the use of derivative financial instruments – being the RPI swaps described in note 18 that are appropriate to the circumstances and economic environment within which the Company operates. The objectives and policies for holding, or issuing, financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the year are explained below.

Market risk management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Changes in market price are derived from: currency movements; interest rate changes; and changes in prices caused by factors other than those derived from currency or interest rate changes.

The Company operates in the UK and has no significant exposure to foreign currency, and therefore this has an immaterial impact on market risk. Interest rate risk arises from the use of following financial instruments: Transmission owner asset; borrowings; and cash and cash equivalents.

The Transmission owner asset is carried at amortised cost, and the carrying value is affected by the rate of interest implicit within the calculation of finance income that has a consequential effect on the carrying value of the Transmission owner asset.

The fair value of the Transmission owner financial asset is subject to price risk caused by changes in RPI. This risk is managed by the RPI linked derivative financial instruments entered into by the Company.

All of the Company's borrowings have been issued at fixed rates and as such there is considered to be no risk to the Group from interest rate changes.

Cash and cash equivalents all attract interest at variable rates and therefore are subject to cash flow interest rate risk as cash flows arising from these sources will fluctuate with changes in interest rates. However, the interest cash flows arising from these sources are insignificant to the Company's activities and represent income to the Group rather than a cost.

The cash flows arising from the Transmission owner financial asset fluctuates with positive changes in RPI. The Company has entered into a series of RPI swaps to significantly reduce this cash flow risk. Further details and an explanation of the rationale for entering into these arrangements are explained in note 18. For the reasons outlined in note 18, the Directors have designated the RPI swaps as cash flow hedging derivatives and these are carried at fair value in the Statement of Financial Position. The RPI swaps are considered to be effective cash flow hedges.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

23 Information relating to financial instruments and the management of risk (Continued)

ii) Credit risk

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

Credit risk primarily arises from the Company's normal commercial operations that actually, or potentially, arises from the Company's exposure to: a) NGESO in respect of invoices submitted by the Company for transmission services; b) the counterparties to the RPI swaps described in note 18; and c) short term deposits. There are no other significant credit exposures to which the Company is exposed. The maximum exposure to credit risk at 31 March 2024 and 31 March 2025 is the fair value of all financial assets held by the Company. The fair value of the transmission owner asset is derived from the financial model and is reviewed as part of management's assessment for impairment indicators. None of the Group's financial assets are past due or impaired.

Through to 31 March 2025, NGESO was the Company's principal customer, and income derived from NGESO represents all of the Group's income. With effect from 1 April 2021, some of the functions previously carried out by NGESO were transferred to a fellow subsidiary undertaking (NGESO) within the National Grid group of companies, in particular, NGESO is now responsible for settling the Company's transmission services invoices. Both NGESO and its fellow subsidiary undertaking operates low risk regulated businesses within the UK, and the regulatory regime under which they operate results in a highly predictable, and stable, revenue stream. NGESO has an obligation to maintain an investment grade credit rating, which it has currently maintained. It is also subject to a regulatory financial 'ring fence' that restricts NGESO's ability to undertake transactions with other National Grid subsidiaries, which includes the paying of dividends, lending or the levying of charges. Even in the very unlikely circumstance of NGESO's insolvency, it is probable that any amounts outstanding would still be recovered. This arises because NGESO and NGESO are also 'protected energy Companies' under the terms of the Energy Act 2004, which allows the Secretary of State to apply for an energy administration order which would give priority to the rescue of NGESO and NGESO as a going concern.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

23 Information relating to financial instruments and the management of risk (Continued)

iii) Liquidity risk and going concern

Liquidity risk is the risk that the Company will have insufficient funds to meet its liabilities. The Board of Directors manages this risk.

As a result of the regulatory environment under which the Company operates; the credit worthiness of the Company's principal customer (NGESO); and the RPI swaps that has been put in place, the cash inflows generated by the Company are highly predictable and stable. In addition, all of the Company's senior debt carry a fixed coupon, and based on the forecasts prepared by the Company, all of these debt service costs are expected to be met from the cash inflows the Company is expected to generate over the whole period of the project. During the year ending 31 March 2025, senior debt-service costs amounted to £7,698k (2024: £8,328k). There is no contractual obligation on the Company to service the secured borrowing until 28 November 2032, although it is the Company's intention to service this borrowing when cash flows are sufficient, and it is prudent to do so. Cash outflows in respect of the secured borrowings amounted to £7,698k (2024: £8,328k).

In accordance with the conditions of the various lending agreements, the Company is required to transfer funds to certain specified bank accounts and/or hold certain amounts on deposit for specified purposes. Access to these bank accounts by the Company is subject to the agreement of the lenders and, in particular, access to amounts held on deposit held for specified purposes is restricted under the lending agreements. Such specific purposes include the holding of sufficient funds in restrictive bank accounts to meet senior debt servicing requirements for a period of six months in the future. The Company's use of these funds is restricted either to the specific purpose contemplated by the lending agreements, or until certain conditions are met or exceeded. Where these conditions are met or exceeded then the use of any net cash generated in excess of the minimum necessary to meet the restrictive conditions is unfettered.

At 31 March 2025, cash and cash equivalents included £26,769k (2024: £22,160k) that are held for specific purposes in the manner described above and additional amounts of cash and cash deposits amounting to £2,313k (2024: £2,369k) which requires the consent of the Company's lenders but are available for general corporate purposes.

The Company prepares both short-term and long-term cash flow forecasts on a regular basis to assess the liquidity requirements of the Company. These forecasts also include a consideration of the lending requirements including the need to transfer funds to certain bank accounts that are restricted as to their use. It is the Company's policy to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

Future costs are potentially at risk due to the cost of decommissioning. To mitigate this risk a Decommissioning Reserve Account has been opened and is currently being funded.

In addition to the existing borrowings of the Company, the Company has secured committed credit facilities with the European Investment Bank through the Project Bond Credit Enhancement amounting to £26,149k at 31 March 2025 (2024: £28,510k) which expire in 2032. These facilities were undrawn at 31 March 2025 (2024: £nil) and are available to the Group under certain conditions laid down within the Group's lending agreements.

During the year the Company has continued to meet its contractual obligations as they have fallen due and based on the forecasts prepared the Directors expect that the Company will continue to do so for the foreseeable future. The Company has complied with its financial covenants in relation to the obligations that it has to senior debt holders and the forecasts continue to support that these will continue to be complied. In addition, further liquidity is also available in the form of committed facilities, as referenced above. All of these factors have allowed the Directors to conclude that the Company has sufficient headroom to continue as a going concern. The statement of going concern is included in the Operating and Financial Review.

The contractual cash flows shown in the table on the following page are the contractual undiscounted cash flows relating to the relevant financial instruments. Where the contractual cash flows are variable based on a price or index in the future, the contractual cash flows in the table have been determined with reference to the relevant price, interest rate or index as at the Statement of Financial Position date.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

23 Information relating to financial instruments and the management of risk (Continued)

	0-1 years £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000
At 31 March 2024					
Transmission owner asset	35,333	36,391	115,309	199,043	386,076
Cash and cash equivalents	24,529	-	-	-	24,529
Borrowings (principal repayments)	15,741	16,952	66,864	90,508	190,065
Borrowings (interest payments)	7,698	7,039	16,246	7,784	38,767
Trade & other non-interest bearing liabilities	1,470	-	-	-	1,470
RPI Swaps	625	638	2,115	945	4,323
	<u>34,328</u>	<u>11,762</u>	<u>30,084</u>	<u>99,806</u>	<u>175,980</u>
At 31 March 2025					
Transmission owner asset	39,792	41,300	131,546	174,745	387,383
Cash and cash equivalents	29,082	-	-	-	29,082
Borrowings (principal repayments)	16,952	20,100	72,607	64,665	174,324
Borrowings (interest payments)	7,039	6,315	13,410	4,305	31,069
Trade & other non-interest bearing liabilities	2,208	-	-	-	2,208
RPI Swaps	2,798	3,077	9,807	8,443	24,125
	<u>39,877</u>	<u>11,808</u>	<u>35,722</u>	<u>97,332</u>	<u>184,739</u>

Liquidity risk management

In determining the interest element of contractual cash flows in cases where the Group has a choice as to the length of interest calculation periods and the interest rate that applies varies with the period selected, the contractual cash flows have been calculated assuming the Group selects the shortest available interest calculation periods.

Where the holder of an instrument has a choice of when to redeem, the following tables are prepared on the assumption the holder redeems at the earliest opportunity.

The numbers in the tables above have been included in the Group's cash flow forecasts for the purposes of considering Liquidity Risk as noted above. The table shows the undiscounted contractual maturities of financial assets and financial liabilities, including interest.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

23 Information relating to financial instruments and the management of risk (Continued)

iv) Sensitivities

Changes in RPI affect the carrying value of those financial instruments that are recorded in the Statement of Financial Position at fair value. The only financial instruments that are carried in the Statement of Financial Position at fair value are the stand-alone derivative financial instruments - RPI as described in note 18 above. As explained in note 18, the Directors believe that these derivative financial instruments have a highly effective hedging relationship with the underlying cash flow positions they are hedging, and they expect this relationship to continue into the foreseeable future. Any movement in the fair value of these derivatives would be expected to be recorded in the cash flow hedge reserve, and would not affect the Statement of Profit & Loss. Changes in the fair value of RPI swaps are expected to be substantially matched by changes in the fair values of the positions they are hedging, due to the highly effective hedging relationships. However, the underlying positions being hedged – in the case of RPI swaps a substantial proportion of the cash flows emanating from the Transmission owner asset are carried at amortised cost. Consequently, any change in the fair value of the underlying hedged positions would not be recorded in the regulatory financial statements. The Directors are of the opinion that the net impact of potential changes in the fair value of the derivative financial instruments held by the Company has no substantive economic impact on the Company because of the corresponding economic impact on the underlying derivative financial instruments it is hedging.

Where there is a movement in long term RPI assumptions, the following changes in valuation and equity are likely to occur with no impact on the Statement of Profit & Loss:

Sensitive	Future RPI Rate	Valuation £'000s	Movement £'000s
-	3.000%	(14,276)	-
0.50%	3.500%	(17,194)	(2,918)
(0.50%)	2.500%	(11,418)	5,776

Any changes in future cash flows in relation to the derivative financial instruments held by the Company, arising from future changes in RPI, are expected to be matched by substantially equal and opposite changes in cash flows arising from or relating to the underlying revenues and costs.

v) Capital management

The Company is funded by a combination of senior debt, subordinated debt and equity in accordance with the Directors' objectives of establishing an appropriately funded business consistent with that of a prudent offshore electricity transmission operator and the terms of all legal and regulatory obligations including those of the Licence and the Utilities Act 2000.

Senior debt is comprised of fixed bonds credit enhanced by the European Investment Bank through the Project Bond Credit Enhancement Instrument (PBCE) and carries an interest rate of 4.14% per annum. All of the senior debt and related interest rate derivatives is serviced on a six monthly basis and is expected to amortise over the life of the project through to November 2032. At 31 March 2025, the total carrying value of senior debt amounted to £173,647k (2024: £189,178k).

Subordinated debt has been issued to the Company's intermediate undertaking, GGOIL and carries a fixed rate coupon. At 31 March 2025 the total principal value of the subordinated debt outstanding amounted to £52,259k (2024: £54,447k).

Ordinary equity share capital issued during the year amounted to £nil (2024: £nil) and at 31 March 2025 amounted to £51k (2024: £51k).

The Directors consider that the capital structure of the Company meets the Company's objectives, and is sufficient to allow the Company to continue its operations for the foreseeable future based on current projections, and consequently has no current requirement for additional funding.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

24 Events after the reporting date

There are no balance sheet events to be reported following the date of approval of financial statements.

25 Cash generated from operations

	2025	2024
	£'000	£'000
Profit for the year before income tax	7,590	5,193
Adjustments for:		
Net finance costs	(6,500)	(4,133)
Income recognised in respect of financial asset	9,644	11,929
Cash receivable on the finance debtor	34,967	36,434
Interest paid	(11,768)	(18,072)
Movements in working capital:		
Increase in trade and other receivables	(15,334)	(16,569)
Decrease in trade and other payables	(22)	(867)
Cash generated from operations	<u>18,577</u>	<u>13,915</u>

26 Controlling party

Greater Gabbard OFTO Plc is a wholly-owned subsidiary of Greater Gabbard OFTO Holdings Limited which is incorporated in the UK and registered in England and Wales. The only Group in which the results of Greater Gabbard OFTO Plc are consolidated is Greater Gabbard OFTO Holdings Limited whose financial statements are available on the Company's website and from EMS, 3rd Floor South, 200 Aldersgate Street, London, EC1A 4HD.

The Company's ultimate parent companies and controlling parties are Equitix Transmission 2 Limited and Equitix Capital Investors UK Cable Limited (which are incorporated in the UK and registered in England and Wales).

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

27 Glossary

A

Annual General Meeting (AGM)

Meeting of shareholders of the Company, held on an annual basis, to consider ordinary and special business, as detailed in the Notice of AGM.

The Authority

The Gas and Electricity Markets Authority.

B

Board

The Board of Directors of the Company.

C

called up share capital

Shares that have been issued and have been fully paid for.

carrying value

The amount at which an asset or liability is recorded in the Statement of Financial Position.

charging year

The period of time in between 1st April in one calendar year, and 31st March, in the following calendar year.

Cash Flow Hedges

A hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability such as all or some future interest payments on variable rate debt or a highly probable forecast transaction and (ii) could affect profit or loss.

the Company, Greater Gabbard OFTO Plc, GGO, we, our, or us

The terms 'the Company', 'Greater Gabbard OFTO Plc', GGO, 'we', 'our', or 'us' are used to refer to Greater Gabbard OFTO Plc, depending on context.

contingent liabilities

Possible obligations or potential liabilities arising from past events, for which no provision has been recorded, but for which disclosure in the financial statements is made.

D

deferred tax

For most assets and liabilities, deferred tax is the amount of tax that will be payable or received in respect of that asset or liability in future tax returns as a result of a difference between the carrying value for accounting purposes in the Statement of Financial Position and the value for tax purposes of the same asset or liability.

derivative

A financial instrument or other contract where the value is linked to an underlying index, such as exchange rates, interest rates, RPI or commodity prices.

E

EDS

EDS HV Management Limited – supplier of Operator services to the Company

EIB

The European Investment Bank, the European Union's long term lending institution, established by the Treaty of Rome in 1958, with the aim of furthering European integration.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

27 Glossary

(Continued)

Equitix Transmission 2 Limited.

Shareholder

Equitix Capital Investors UK Cable Limited

Shareholder

Equitix Management Services Limited ("EMS")

Management services provider

equity

In regulatory financial statements, the amount of net assets attributable to shareholders.

F

financial year

For Greater Gabbard OFTO Plc this is the accounting year ending on 31st March.

G

Great Britain

The islands of Great Britain comprised of its constituent parts, namely: Wales, England, and Scotland.

GGO

Greater Gabbard OFTO Plc.

GGOHL

Greater Gabbard OFTO Holdings Limited.

GGOIL

Greater Gabbard OFTO Intermediate Limited.

the Group

Greater Gabbard OFTO Holdings Limited and its subsidiary undertakings.

GOWL

Greater Gabbard Offshore Winds Limited.

H

HS&E

Health, Safety, and the Environment.

I

IAS or IFRS

An International Accounting Standard, or International Financial Reporting Standard, as issued by the International Accounting Standards Board (IASB).

IASB

International Accounting Standards Board.

IFRIC 12

Service Concessions Arrangements.

IFRS

See IAS.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

27 Glossary

(Continued)

K

KPIs

Key performance indicators.

kV

Kilovolt – an amount of electrical force equal to 1,000 volts.

kWh

Kilowatt hours – an amount of energy equivalent to delivering 1,000 watts of power for a period of one hour.

L

LIBOR

London Interbank Offered Rate.

the Licence

The Offshore Electricity Licence held by Greater Gabbard OFTO Plc.

LTIs

Lost time injury – an incident arising out of Greater Gabbard OFTO Plc's operations which leads to an injury where the employee or contractor normally has time off the following day, or shift following, the incident. It relates to one specific (acute) identifiable incident which arises as a result of Greater Gabbard OFTO Plc's premise, plant, or activities, which was reported to the supervisor at the time, and was subject to appropriate investigation.

lost time injury frequency rate

The number of lost time injuries per 100,000 hours worked, over a 12 month period.

M

MMO

Marine Management Organisation.

MW

Megawatts – an amount of power equal to one million watts.

MWh

Megawatt hours – an amount of energy equivalent to delivering one million watts of power over a period of one hour.

N

NGESO

National Grid Electricity System Operator Ltd.

the Notes (see also subordinated loan, subordinated loan agreement, subordinated debt)

Secured fixed rate Loan Notes 2033.

GREATER GABBARD OFTO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

27 Glossary

(Continued)

O

Ofgem

The UK Office of Gas and Electricity Markets, part of the UK Gas and Electricity Markets Authority (GEMA), which regulates the energy markets in the UK.

OFTO(s)

Offshore Transmission Owner (S).

O&M

Operations and Maintenance.

P

Performance year

The year or part thereof (in the case of the commencement and termination years) over which the Company's transmission availability performance is measured – 1 April through to 31 March (or part thereof).

PSA

Professional Services Agreement.

R

RPI

The UK retail price index as published by the Office for National Statistics.

RPI Swaps

A derivative financial instrument that is a binding agreement between counterparties to exchange cash flows relating to RPI on a predetermined principal amount. The Company pays variable cash flows arising from changes in RPI on a predetermined notional amount in exchange for receipt of fixed amounts.

S

Senior Debt

All borrowings except those arising under the subordinated loan agreement.

SPA

Sale and Purchase Agreement.

STC

System Operator - Transmission Owner Code.

SQSS

Security and Quality of Supply Standard Subordinated loan, subordinated loan agreement, subordinated debt (see also the Notes). Amounts borrowed by the Company from GGOIL which ranks behind the senior debt.

T

TEC

Transmission Entry Capacity.

TOCA

Transmission Owner Construction Agreement.

U

UK

The United Kingdom of Great Britain and Northern Ireland, comprising: Wales, England, Scotland, and Northern Ireland.