Registered number: 12473084

NET ZERO NORTH SEA STORAGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

NET ZERO NORTH SEA STORAGE LIMITED

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NET ZERO NORTH SEA STORAGE LIMITED
COMPANY INFORMATION

Directors

G R Brown
L H Eldering
G Le Parc
Dr. P J McFadzean
T G Mellott-Batty
R J Mortimer
J S Whittington

Company secretary

D A Henry

Registered number

12473084

Registered office

Chertsey Road
Sunbury On Thames
Middlesex
TW16 7BP
United Kingdom

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

NET ZERO NORTH SEA STORAGE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2026

The Directors present their report and the audited financial statements for Net Zero North Sea Storage Limited (the "Company") known as Northern Endurance Partnership (NEP) for the year ended 31 March 2026.

Principal activity

The principal activity of the Company is developing onshore and offshore infrastructure needed to transport "Carbon Dioxide (CO2)" from carbon capture projects across the Teesside and the Humber regions - collectively known as the East Coast Cluster - to secure storage under the North Sea. The infrastructure is crucial to achieving net zero in the UK's most carbon intensive industrial regions.

Business review

During the financial year ending 31 March 2026, the Company made material progress on the engineering, procurement, and construction of the first phase of the UK's initial CO2 transportation and storage infrastructure network, which will serve carbon capture projects across Teesside, helping to drive the journey to net zero and boost economic growth in the region.

Key onshore operational milestones included the completion of site remediation and preparation, the commencement of landfall piling, civil works, landfall tunnelling, alongside steady progress on site offices, warehousing, and enabling works to support the upcoming construction ramp-up. Offshore, the Company successfully completed pipeline survey work and mobilised the Noble Intrepid jack-up rig in preparation for the upcoming drilling campaign. At the close of the financial year, the project was over 30% complete. The project remains on track to deliver within budget with start-up expected in 2028.

Significant regulatory and strategic milestones were also achieved during the financial year, with the Company securing regulatory approval for a further £210 million of investment, which will de-risk additional CO2 storage capacity in licence blocks CS006 and CS007 and advance the next stage of the Humber Carbon Capture Pipeline.

All investment was fully funded utilising the Company's existing debt and equity facilities. With the exception of minor Excluded Project Spend, all this investment is expected to be added to the Regulated Asset Value (RAV), thereby underpinning future allowed revenue and returns on investment under the Regulated Asset Base (RAB) model.

To support delivery, the Company significantly scaled its organisational capacity. Rich Denny was appointed as Managing Director, bringing decades of sector expertise to the business. Under his leadership, the internal executive team was fully resourced, and a new corporate office was established in Darlington. By the end of the reporting period, the Company had built a core team of over 30 personnel, made up of both direct staff and secondees, and continues to actively recruit for further roles across the organisation to support its ongoing growth.

Dividends

During the financial year, the Company declared no dividend in respect of the year ended 31 March 2026 (period from 1 January 2024 to 31 March 2025: £133,000,000).

Future developments

The Company is currently progressing development work to facilitate expansion of the network to enable transportation of CO2 from carbon capture projects in the Humber region to secure offshore storage under the North Sea.

Future developments (continued)

Development activities include engineering, procurement and permitting and licensing for a Humber Carbon Capture Pipeline; and the drilling of appraisal wells, data gathering, front-end engineering, permitting and licensing for Expansion Storage Systems.

Furthermore, the Company is actively supporting the Department for Energy Security and Net Zero (DESNZ) in the CCUS East Coast Cluster (ECC) Teesside Selection Process, which aims to identify additional projects that could connect to our transportation and storage infrastructure and help utilise remaining network capacity. This includes conducting study work to evaluate options to expand the network's overall reach and capacity to accommodate selected projects.

Principal risks

The Company manages, monitors and reports on the principal risks that can impact the Company's ability to deliver its objectives. The Company's system of internal control includes policies, processes, management systems, organisational structures, culture and standards of conduct employed to manage the Company's business and associated risks. The Company is also implementing review and reporting processes to measure progress and risks.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the Company's strategy, business and financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation.

Risk type	Principal risk	Description	Mitigation measures
Strategic and Commercial	Project Delivery	Risk of delays and cost overruns during the construction phase.	Appointment, oversight, and performance management of a competent Construction and Operating Services Provider and Engineering, Procurement and Construction (EPC) contractors.
	Cost Recovery	Inability to fully recover capital and operating expenditures through the regulated revenue model, potentially affecting returns.	Pre-approval of work programmes and budgets by regulator, robust cost management processes, contractor oversight, and transparent cost reporting.
	Operational Performance	Poor operational performance post-commissioning could impact financial returns.	Oversight and performance management of a competent Construction and Operating Services Provider.
	Capture Project Delivery	Cancellation or start-up delay of selected capture projects could impact available CO2 volumes and NEP's long-term viability.	Additional volume capture from potential future capture projects. NEP investment return ultimately shielded from volume risk by Revenue Support Agreement.
	Future Developments	Lack of government support or changes in regulation may inhibit network growth or investment access.	Engagement with government and regulators; close monitoring of financing conditions and regulatory developments.

Principal risks (continued)

Risk type	Principal risk	Description	Mitigation measures
Safety and Operational	HSE Incident	Exposure to health, safety, and environmental risks during offshore drilling, surveys, construction and operations, potentially leading to regulatory actions, legal liability, or reputational damage.	Implementation of robust HSE policies and procedures, including the cascading to contractors and sub-contractors; appointment and oversight of competent Construction and Operating Services Provider and EPC contractors.
Compliance and Controls	Regulatory Compliance	Breaches of economic licence conditions could result in licence revocation and business failure.	Active management of licence obligations, regular regulator engagement, and proactive data provision.
	Financial Reporting Misstatement	Risk of errors in financial/non-financial reporting due to system, process, or human error, potentially leading to regulatory or legal repercussions.	Maintenance of a strong control environment, reliable systems, and adequately trained staff.
	Ethical Misconduct	Unethical behaviour could damage trust, reputation, and result in legal or regulatory consequences.	Implementation of robust ethical policies, procedures, regular training, and promotion of an ethical corporate culture.

Financial risk management

The use of financial instruments and their related risks are disclosed in the risk sections in note 19.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

In assessing the appropriateness of the going concern basis, management has considered the Company's current financial position, cash flow forecasts, available financing facilities and parent company guarantees in place for a period of at least 12 months from the date of approval of these financial statements. This assessment has included consideration of principal risks and uncertainties, the current economic environment and the Company's ability to manage its working capital and cost base.

Management have prepared forecasts which demonstrate that the Company is expected to meet its liabilities as they fall due.

Based on the results of this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

For further information on financial risk factors, including capital risk, financial risk and liquidity risk, see pages 35 - 36.

Directors

The Directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

G R Brown	(appointed 1 October 2025)
L H Eldering	
T J Kabir	(resigned 1 October 2025)
G Le Parc	
Dr. P J McFadzean	
T G Mellott-Batty	
R J Mortimer	(appointed 1 June 2026)
A A A Nabeeh	(resigned 1 June 2026)
J S Whittington	

Qualifying third-party indemnity provisions

Subject to the conditions set out in Section 234 of the Companies Act 2006, the Company has indemnified its Directors for any liability incurred by the Directors in connection with negligence, default, breach of duty or trust in relation to the Company or an associated company, and in their duties as officers of the Company or an associated company. These indemnities were in force throughout the year and remain in force at the date of this report.

Disclosure of information to auditor

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

The auditor, BDO LLP, was appointed during the year as the auditor to the Company for the year ended 31 March 2026 and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Directors have also taken advantage of the small companies' exemptions provided by section 414B of the Companies Act 2006 and have not prepared a Strategic report.

By order of the board:



Dr. P J McFadzean
Director

Date: 29 September 2026

NET ZERO NORTH SEA STORAGE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2026

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NET ZERO NORTH SEA STORAGE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Net Zero North Sea Storage Limited ("the Company") for the year ended 31 March 2026 which comprise of the following:

- Statement of profit or loss
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including material accounting policy information

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NET ZERO NORTH SEA STORAGE LIMITED (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NET ZERO NORTH SEA STORAGE LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be the applicable accounting framework and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be company law, tax legislation, bribery act, employment legislation, health and safety including the financial reporting framework.

Our procedures in respect of the above included:

- Enquiries of management whether there were any litigations and claims;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiries with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls via posting inappropriate journal entries and management bias regarding key accounting estimates and judgments.

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of the residual population of journals not meeting the defined risk criteria by agreeing to supporting documentation;
- Obtaining an understanding of the design and implementation of relevant controls surrounding the financial reporting close process such as controls over the posting of journals and consolidation process and obtaining an understanding of the segregation of duties in these processes; and
- Challenging assumptions, estimates and judgements made by management in areas involving significant estimates, with the key sources of estimation and judgement identified as:
    - The carrying value of Assets under Construction; and
    - The valuation of derivatives.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NET ZERO NORTH SEA STORAGE LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Gordon Whiley
06D09F2C3BD3436...

Gordon Whiley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 29 September 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NET ZERO NORTH SEA STORAGE LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2026

	Note	**Year ended 31 March 2026** **£'000**	Period from 1 January 2024 to 31 March 2025 £'000
Administrative expenses		**(885)**	(1,825)
Operating loss	6	**(885)**	(1,825)
Unrealised gains on derivative financial instruments*		**50,968**	84,926
Realised loss on derivative financial instruments		**(2,863)**	**–**
Finance income	7	**742**	1,660
Profit before tax		**47,962**	84,761
Tax on profit	8	**(12,742)**	(23,033)
Profit for the financial year/period		**35,220**	61,728

*Comparative amounts have been re-presented to separately disclose gains on derivative financial instruments previously included within finance income. Refer to Note 7.

There is no comprehensive income attributable to the shareholders of the Company other than the profit for the year and so no statement of other comprehensive income is presented.

The Company's results are derived from continuing operations.

The notes on pages 18 to 40 are an integral part of these financial statements.

NET ZERO NORTH SEA STORAGE LIMITED

STATEMENT OF FINANCIAL POSITION

REGISTERED NUMBER: 12473084

AS AT 31 MARCH 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
Non-current assets			
Intangible assets	10	**89,101**	44,869
Property, plant and equipment	11	**1,002,173**	393,998
Trade and other receivables	13	**10,669**	9,866
Derivative assets	19	**135,895**	84,926
Total non-current assets		**1,237,838**	533,659
Current assets			
Trade and other receivables	13	**15,448**	20,404
Cash and cash equivalents	14	**33,596**	136,494
Total current assets		**49,044**	156,898
Total assets		**1,286,882**	690,557
Current liabilities			
Trade and other payables: amounts falling due within one year	15	**(163,097)**	(86,338)
Total current liabilities		**(163,097)**	(86,338)
Non-current liabilities			
Trade and other payables: amounts falling due after more than one year	16	**(26,754)**	–
Borrowings	17	**(947,734)**	(502,884)
Deferred tax liability	18	**(35,775)**	(23,033)
Total non-current liabilities		**(1,010,263)**	(525,917)
Total liabilities		**(1,173,360)**	(612,255)
Net assets		**113,522**	78,302
Equity			
Share capital	20	**–**	–
Retained earnings	21	**113,522**	78,302
Total equity		**113,522**	78,302

The notes on pages 18 to 40 are an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

REGISTERED NUMBER: 12473084

The financial statements on pages 13 to 40 were approved by the board of Directors and were signed on its behalf by:



Dr. P J McFadzean
Director

Date: 29 September 2026

NET ZERO NORTH SEA STORAGE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2024	–	–	**–**
Comprehensive income:			
Profit for the financial period	**–**	61,728	**61,728**
Transactions with owners:			
Issue of share capital	149,574	**–**	**149,574**
Reduction in share capital	(149,574)	149,574	**–**
Dividend paid (note 9)	**–**	(133,000)	**(133,000)**
At 31 March 2025 and 1 April 2025	**–**	**78,302**	**78,302**
Comprehensive income:			
Profit for the financial year	**–**	35,220	**35,220**
At 31 March 2026	**–**	**113,522**	**113,522**

The notes on pages 18 to 40 are an integral part of these financial statements.

NET ZERO NORTH SEA STORAGE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
Cash used in operating activities	22	**36,027**	(17,023)
Net cash generated from/(used in) operating activities		**36,027**	(17,023)
Cash flow from investing activities			
Purchase of tangible assets		**(459,005)**	(302,392)
Purchase of intangible assets		**(38,270)**	(39,477)
Finance income		**47**	1,660
Net cash used in investing activities		**(497,228)**	(340,209)
Cash flow from financing activities			
Drawdown of project financing net of transaction costs	17	**489,000**	481,812
Fees and interest paid on project financing		**(68,885)**	–
Repayment of project financing VAT facility	17	**(46,623)**	(4,660)
Payment of lease liabilities		**(13,021)**	–
Interest rate swap settlements		**(2,168)**	–
Dividends paid	9	**–**	(133,000)
Proceeds from issue of share capital	20	**–**	149,574
Net cash generated from financing activities		**358,303**	493,726
Net (decrease)/increase in cash and cash equivalents		**(102,898)**	136,494
Cash and cash equivalents at the beginning of financial year/ period		**136,494**	–
Cash and cash equivalents at the end of financial year/period	14	**33,596**	136,494

The notes on pages 18 to 40 are an integral part of these financial statements.

1 General information

The principal activity of the Company is developing onshore and offshore infrastructure needed to transport CO2 from carbon capture projects across the Teesside and the Humber regions - collectively known as the East Coast Cluster - to secure storage under the North Sea. The infrastructure is crucial to achieving net zero in the UK's most carbon intensive industrial regions.

The Company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is Chertsey Road, Sunbury On Thames, Middlesex, TW16 7BP, United Kingdom.

2 Material accounting policies

The material accounting policies and critical accounting judgement, estimates and assumptions of the Company are set out below.

2.1 Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with UK-adopted International Accounting Standards ("Adopted IFRSs").

The preparation of financial statements in conformity with adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this section.

2.2 New standards, amendments and IFRIC interpretations

Amendments to IFRSs that are mandatorily effective for the current year:

In the current year, the Company has applied the following amendments to adopted IFRSs that are mandatorily effective for an accounting year that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025).

New and revised IFRSs in issue but not yet effective:

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the UK:

- Amendments to the Classification and Measurement of Financial Instruments - amendments to IFRS 9 and IFRS 7 (effective 1 January 2026).
- Annual improvements 2024 (effective 1 January 2026).
- Contracts Referencing Nature - dependent Electricity - amendment to IFRS 9 and IFRS 7.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (effective 1 January 2027).
- IFRS 19, Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027).
- IFRS 18, Presentation and disclosure in financial statements (effective 1 January 2027).

2 Material accounting policies (continued)

2.2 New standards, amendments and IFRIC interpretations (continued)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

The Directors do not expect the adoption of the standards listed above to have a material impact on the Company's financial statements in future years. Management is, however, continuing to evaluate the potential impact of IFRS 18 on the presentation and disclosure of information in the financial statements.

2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

In assessing the appropriateness of the going concern basis, management has considered the Company's current financial position, cash flow forecasts, available financing facilities and parent company guarantees in place for a period of at least 12 months from the date of approval of these financial statements. This assessment has included consideration of principal risks and uncertainties, the current economic environment and the Company's ability to manage its working capital and cost base.

Management have prepared forecasts which demonstrate that the Company is expected to meet its liabilities as they fall due.

Based on the results of this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

For further information on financial risk factors, including capital risk, financial risk and liquidity risk, see pages 35 - 36.

2.4 Finance costs and income

Finance costs related to interest expense on borrowings are recognised in the Statement of Profit or Loss using the effective interest method, except to the extent that they are directly attributable to the acquisition, construction, or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset in accordance with IAS 23 'Borrowing Costs'.

Finance income relates to interest income on cash held and is recognised in profit or loss as it accrues, using the effective interest method.

i. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

2 Material accounting policies (continued)

2.4 Finance costs and income (continued)

Other borrowing costs are expensed in the period in which they are incurred.

2.5 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year.

Tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

2.6 Intangible assets

Intangible assets are recognised in accordance with IAS 38 “Intangible Assets”.

Intangible assets are capitalised when the Company can demonstrate the following criteria have been met:

- The technical feasibility of completing the project so that it will be available for use or sale.
- The intention to complete, and ability to use or sell, the project.
- The project will generate future economic benefits.
- The availability of resources to complete the project.
- The ability to measure reliably the expenditures during development.

Intangible assets include the development of CO_2 transportation and storage facilities.

2 Material accounting policies (continued)

2.6 Intangible assets (continued)

i. Derecognition

Once the consent to construct has been awarded, at this time the capitalised costs are transferred to property, plant and equipment provided that there is reasonable certainty of construction proceeding.

Additionally, the intangible assets are derecognised on disposal, or when no future economic benefits are expected to arise.

ii. Impairment

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. If intangible assets with an indefinite useful life or intangible assets not yet available for use were initially recognised during the current annual period, that intangible asset is tested for impairment before the end of the current annual period. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable.

Impairment (continued)

The aggregate carrying value is compared against the expected recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

2.7 Property, plant and equipment

i. Assets under construction

Assets under construction relate to the construction of onshore and offshore CO_2 pipelines, injection wells, subsea infrastructure, control rooms, and compression facilities. Assets under construction are recognised in accordance with IAS 16 Property Plant and Equipment, which defines property, plant and equipment as tangible items held for use in the production or supply of goods or services expected to be used for more than one accounting year and are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The cost of assets under construction includes the cost of materials, direct labour and other directly attributable costs. Additionally, preliminary costs for site preparation, installation, and commissioning of the assets are included. Where the asset is a qualifying asset, for which a considerable period of time is required to prepare the asset for use or sale, borrowing costs are being capitalised as part of the asset's cost and ceases to be capitalised when substantially all the activities necessary to prepare the asset for its intended use are complete. Recognition occurs when consent to construct has been awarded, marking the project's transition from the planning phase to the active construction phase.

2 Material accounting policies (continued)

2.7 Property, plant and equipment (continued)

Capitalisation of costs ceases once the asset is in the location and condition necessary for it to be capable of operating as intended, usually marked by the Commercial Operation Date at which time they are reclassified to the appropriate property, plant and equipment category from assets under construction.

All the subsequent expenditures will be assessed carefully to determine if they qualify for capitalisation, such as those aimed at enhancing the asset's operational capacity or extending its useful life.

Assets under construction are not subject to depreciation until they become operational.

During the period of construction, the asset is tested for impairment if any indicators of impairment are identified.

Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly.

ii. Derecognition

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

2.8 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2 Material accounting policies (continued)

2.8 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 12.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.9 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. The Company's accounting policies in respect of financial instrument transactions are explained below:

i. Trade and other receivables

Trade and other receivables are initially recognised at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows, and it therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the current receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

ii. Cash and cash equivalents

Cash and cash equivalents include cash at bank.

iii. Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, there has been a negative impact on its estimated future cash flows. The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

2 Material accounting policies (continued)

2.9 Financial instruments (continued)

iv. Derivatives that do not qualify for hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting year. Derivatives are classified as either a financial asset or financial liability depending on the fair value of the instrument at the reporting date. The accounting for subsequent changes in fair value are recognised immediately in the Statement of Profit or Loss.

At initial recognition, derivatives are measured at fair value, which is normally the transaction price. However, where the fair value at initial recognition differs from the transaction price and the fair value is evidenced by a quoted price in an active market or based on a valuation technique that uses only data from observable markets, any resulting day 1 gain or loss is recognised immediately in the Statement of Profit or Loss. If the fair value is not evidenced by observable market data, the day 1 gain or loss is not recognised immediately in the Statement of Profit or Loss but is deferred and capitalised as part of the cost of the related asset or liability. The deferred amount is subsequently recognised in the Statement of Profit or Loss (on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data and) only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the derivative or the transaction is closed out. Hedge accounting is not applied by the Company.

v. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a trade and other receivables for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting year, the Company has a right to defer settlement of the liability for at least 12 months after the reporting year.

vi. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

vii. Derecognition of financial instruments

Financial assets are derecognised when either the contractual rights to the cash flows from the asset expire or when the asset is transferred, along with substantially all the risks and rewards of ownership, to another entity. Financial liabilities are derecognised only when the Company's obligations are discharged, cancelled, or expire.

3 Critical accounting judgements and estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, other than those involving estimations, that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

i. Capitalisation of development costs

The assessment of whether costs incurred on development should be capitalised or expensed involves judgement. Any expenditure where it is not probable that future economic benefits will flow to the Company are expensed. Management considers the nature of the costs incurred and the stage of project development and concludes whether it is appropriate to capitalise the costs. The key assumptions depend on whether it is probable that the expenditure will result in future economic benefits that are attributable to the assets.

ii. Financial Instruments

Information about valuation techniques, inputs used and sensitivities are disclosed in note 19.

iii. Leases

The application of IFRS 16 required management to make judgements, estimates and assumptions that affect the measurement of lease liabilities and right-of-use assets (note 12). The key areas of estimation uncertainty and judgements are set out below:

Determination of lease term

Management exercises judgement in determining the lease term, particularly where contracts include extension options and termination options. The lease term includes periods covered by extension and/ or termination options where it is reasonably certain that the option will be exercised. In making this assessment management considers all relevant facts and circumstances that create an economic incentive to exercise, or not exercise, the option, including the operational requirements of the business and the Company's strategic plans.

Lease payments

Where lease arrangements contain both fixed and variable lease payments, management exercises judgement in assessing whether the variable lease payments reflect 'in-substance fixed lease payments' in accordance with IFRS 16 section B42. Where the variable elements meet the criteria set out in IFRS 16 section B42, management has treated these as fixed lease payments and includes these in the measurement of the lease liability and corresponding right-of-use asset.

3 Critical accounting judgements and estimation uncertainty (continued)

Incremental borrowing rate (IBR)

Management exercised judgement in determining the appropriate incremental borrowing rate to apply under IFRS 16. Given the restrictions on obtaining additional external financing, management concluded that the Company's existing project finance cost of debt represents the most appropriate observable borrowing rate. This rate, comprising both the contractual swap rate and debt margin, is derived from executed financing agreements and has therefore been used as the basis for measuring lease liabilities.

Key sources of estimation uncertainty

The Directors have considered whether there are any key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date that could give rise to a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Directors have concluded that there are no material sources of estimation uncertainty requiring disclosure in these financial statements.

4 Auditor's remuneration

	Year ended 31 March 2026	Period from 1 January 2024 to 31 March 2025
	£'000	£'000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	**210**	200
Fees payable to the Company's auditor and its associates for other services:		
NAO Group Reporting Fee	**19**	**–**
Other assurance services	**77**	**–**
	306	200

5 Employee information

(a) Remuneration of Directors

	Year ended 31 March 2026	Period from 1 January 2024 to 31 March 2025
	£'000	£'000
Directors		
Aggregate remuneration	**82**	22

No Directors received contributions from the Company into a personal pension scheme for individual employees (period from 1 January 2024 to 31 March 2025: £nil).

5 Employee information (continued)

(b) Employee costs

The average number of persons employed by the Company during the year was 7 (period from 1 January 2024 to 31 March 2025: none).

All employee costs incurred during the year have been capitalised to assets under construction in accordance with the Company's accounting policies and are therefore not recognised in the Statement of Profit or Loss.

6 Operating loss

Operating loss is stated after charging:

	Year ended 31 March 2026 £'000	Period from 1 January 2024 to 31 March 2025 £'000
Accountancy and professional fees	**356**	611
Audit fees	**306**	200
Bank charges	**102**	92
Early development expenditure	**9**	909
Network code expenditure	**113**	12

7 Finance income

	Year ended 31 March 2026 £'000	Period from 1 January 2024 to 31 March 2025 £'000
Bank interest received	**–**	455
Other finance income	**47**	206
Derivative interest	**695**	999
	742	1,660

Comparative information has been re-presented to separately disclose gains on derivative financial instruments within the statement of profit or loss. Accordingly, unrealised gains on derivative financial instruments of £84.93 million previously included within finance income have been reclassified to a separate line item in the comparative period. This reclassification had no impact on profit for the period, net assets or cash flows.

8 Tax on profit

	Year ended 31 March 2026	Period from 1 January 2024 to 31 March 2025
	£'000	£'000
Current tax		
UK corporation tax on profits for the year/period	**–**	–
Current tax charge	**–**	–
Deferred tax		
Fixed assets	**–**	1,801
Derivative contracts	**12,742**	21,232
Deferred tax charge	**12,742**	23,033
Total tax charge for the year/period	**12,742**	23,033

The tax assessed for the year is higher than (period from 1 January 2024 to 31 March 2025: higher than) the standard rate of corporation tax in the UK of 25% (period from 1 January 2024 to 31 March 2025: weighted average rate of 25%). The differences are explained below:

	Year ended 31 March 2026	Period from 1 January 2024 to 31 March 2025
	£'000	£'000
Profit before tax	**47,962**	84,761
Profit before tax multiplied by the UK rate of tax of 25% (period from 1 January 2024 to 31 March 2025: 25%)	**11,991**	21,190
Effects of:		
Pre-trading expenditure	**751**	1,843
Total tax charge for the year/period	**12,742**	23,033

9 Dividends

	Year ended 31 March 2026	Period from 1 January 2024 to 31 March 2025
	£'000	£'000
Dividends paid	**–**	133,000

10 Intangible assets

	Assets under construction £'000
Cost	
At 1 April 2025	44,869
Additions	44,232
At 31 March 2026	**89,101**
Net book value	
At 31 March 2026	**89,101**
At 31 March 2025	44,869

11 Property, plant and equipment

	Assets under construction £'000	Right of use - Land and Seabed £'000	Right of use - Plant & machinery £'000	Total £'000
Cost				
At 1 April 2025	393,998	–	–	**393,998**
Additions	533,538	19,754	58,356	**611,648**
At 31 March 2026	927,536	19,754	58,356	**1,005,646**
Accumulated depreciation				
At 1 April 2025	–	–	–	**–**
Depreciation charge	**–**	555	2,918	**3,473**
At 31 March 2026	**–**	555	2,918	**3,473**
Net book value				
At 31 March 2026	**927,536**	**19,199**	**55,438**	**1,002,173**
At 31 March 2025	393,998	–	–	**393,998**

Borrowing costs capitalised during the year amounted to £72,010,000.

Assets under construction are held at cost until such time that they are made available for use and are therefore not subject to depreciation at this time.

12 Leases

The Statement of Financial Position shows the following amounts relating to leases:

(i) Amounts recognised in the Statement of Financial Position

Right-of-use assets	**31 March 2026**	31 March 2025
	£'000	£'000
Land and Seabed	**19,199**	**–**
Plant & Machinery	**55,438**	**–**
	74,637	**–**

Lease liabilities	**31 March 2026**	31 March 2025
	£'000	£'000
Current	**38,705**	**–**
Non-current	**26,754**	**–**
	65,459	**–**

(ii) Amounts recognised in the Statement of Profit or Loss:

The Statement of Profit or Loss shows the following amounts in relation to leases:

Depreciation charge on right-of-use assets/interest expenses	**31 March 2026**	31 March 2025
	£'000	£'000
Depreciation charge - right-of-use assets	**3,473**	**–**
Capitalised as development expenditure	**(3,473)**	**–**
Interest expense	**556**	**–**
Capitalised as development expenditure	**(556)**	–
	–	**–**

(iii) Maturity analysis of lease liabilities are as follows:

	31 March 2026	31 March 2025
	£'000	£'000
Within 1 year	**41,389**	**–**
1 to 2 years	**20,604**	**–**
2 to 3 years	**354**	**–**
3 to 4 years	**501**	**–**
4 to 5 years	**543**	**–**
Over 5 years	**13,371**	–
Impact of discounting	**(11,303)**	**–**
	65,459	**–**

12 Leases (continued)

The total cash outflow for leases in 2026 was £13,021,428 (2025: £nil).

The incremental borrowing rate is determined using the Company's existing cost of debt. The rate comprises both the contractual swap rate and debt margin, which are derived from executed financing agreements.

13 Trade and other receivables

	31 March 2026 £'000	31 March 2025 £'000
Non-current		
Prepayments	**10,669**	9,866
Current		
Amounts owed by group undertakings	**109**	108
VAT recoverable	**9,198**	14,981
Other receivables	**12**	5
Prepayments	**6,129**	5,310
	15,448	20,404
	26,117	30,270

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 Cash and cash equivalents

	31 March 2026 £'000	31 March 2025 £'000
Cash at bank and in hand	**33,596**	136,494

15 Trade and other payables: amounts falling due within one year

	31 March 2026 £'000	31 March 2025 £'000
Trade payables	**34,977**	2,143
Lease liabilities (see note 12)	**38,705**	–
Other taxation and social security	**59**	2
Other creditors	**13**	–
Accrued expenses	**89,343**	84,193
	163,097	86,338

16 Trade and other payables: amounts falling due after more than one year

	31 March 2026	31 March 2025
	£'000	£'000
Lease liabilities (see note 12)	**26,754**	**–**

17 Borrowings

Borrowings are denominated in pounds sterling with a nominal interest rate on a fixed rate over SONIA.

The Company's Commercial loan facility, Devex debt facility and VAT loan facility were each entered into with a consortium of banks in December 2024.

The facilities were initially drawn in the year ended 31 March 2025, with further drawdowns and repayments occurring in the year ended 31 March 2026.

The borrowings are as follows:

	Commercial loan facility	Devex debt facility	VAT loan facility	Carrying value	Book value
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2024	–	–	–	–	–
Drawdowns March 2025	529,289	8,821	18,283	556,393	
Repayments March 2025	–	–	(4,660)	(4,660)	
At 31 March 2025	529,289	8,821	13,623	551,733	502,884
At 1 April 2025	529,289	8,821	13,623	551,733	502,884
Drawdowns March 2026	**414,000**	**22,000**	**53,000**	**489,000**	
Repayments March 2026	**–**	**–**	**(46,623)**	**(46,623)**	
At 31 March 2026	**943,289**	**30,821**	**20,000**	**994,110**	**947,734**

The difference between carrying value and book value primarily reflects unamortised financing costs and other adjustments recognised under the effective interest method, including interest and fee accruals and project financing capitalisation.

The borrowings are secured by a charge over all the Company's assets and by collateral encompassing all present and future interests of the Company.

All borrowings are classified as non current at 31 March 2026.

18 Deferred taxation

	31 March 2026	31 March 2025
	£'000	£'000
At the beginning of the year/period	**23,033**	**–**
Charged to profit or loss	**12,742**	23,033
At the end of the year/period	**35,775**	23,033

18 Deferred taxation (continued)

Deferred tax consists of the following deferred tax liabilities:

	31 March 2026	31 March 2025
	£'000	£'000
Fixed assets	**1,801**	1,801
Derivative contracts	**33,974**	21,232
	35,775	23,033

At the year end, the Company has an unrecognised deferred tax asset of £2,595,000 (period from 1 January 2024 to 31 March 2025: £1,843,000) in relation to tax losses and restricted interest.

19 Financial instruments

The Company's principal financial instruments are set out below and stated at their carrying values:

	31 March 2026	31 March 2025
	£'000	£'000
Financial assets at fair value through profit or loss		
Derivative financial instruments	**135,895**	84,926
	135,895	84,926
Financial assets at amortised cost		
Cash and cash equivalents	**33,596**	136,494
Trade and other receivables	**9,319**	15,095
	42,915	151,589

Trade and other receivables above exclude prepayments. Trade and other receivables are classified and measured at amortised cost under IFRS 9. Impairment of these assets as assessed under the simplified expected credit loss model was immaterial at 31 March 2026, and therefore not recognised within the year.

	31 March 2026	31 March 2025
	£'000	£'000
Liabilities at amortised cost:		
Trade and other payables	**(124,392)**	(86,338)
Lease liability	**(65,459)**	–
Borrowings	**(947,734)**	(502,884)
	(1,137,585)	(589,222)

There were no significant differences between the carrying amounts and fair values of any of the financial assets or financial liabilities in the Statement of Financial Position as at 31 March 2026.

19 Financial instruments (continued)

Fair Value Measurements

The fair value of financial instruments represents the price that would be received to sell an asset or paid to transfer a liability between informed and willing parties, other than in a forced or liquidation sale at the measurement date.

The valuation techniques for determining the fair value of financial instruments are classified under the hierarchy defined in IFRS 13 which categorises inputs to valuation techniques into Levels 1-3 based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs, other than quoted prices are included for Level 1 that are observable for the asset or liability either directly (i.e, as prices) or indirectly (i.e derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability are categorised across different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair value of financial instruments are shown in the table below. The Company has not disclosed the fair values for cash and cash equivalents, short-term deposits, trade receivables and trade payables as their carrying amounts are a reasonable approximation of the fair value.

	31 March 2026 Fair Value £'000	31 March 2025 Fair Value £'000
Financial assets at fair value through profit or loss		
Derivative financial instruments	**135,895**	84,926
	135,895	84,926
Financial liabilities at amortised cost		
Borrowings - Floating-rate sterling loans	**(947,734)**	(502,884)
	(947,734)	(502,884)

Financial Instruments at fair value through profit or loss

The Company's derivatives comprise interest rate swaps which are measured at fair value through profit or loss. Fair value movements on these derivatives are recognised in the Statement of Profit or Loss. The fair values of the interest rate swaps are determined as the net present value of the expected future cash flows associated with each leg of the swap, discounted to the reporting date using market rates. Estimates of future cash flows are based on well-defined and traded market references. Future cash flows in periods where there is no quoted price for an instrument with an identical settlement date are based on an interpolation of the nearest quoted prices.

The Company has assessed all derivative financial instruments to fall within Level 2 of the fair value hierarchy, as the estimated fair value is based on market data inputs which are observable directly or indirectly and is adjusted with unobservable inputs where that adjustment is not significant to the entire measurement.

19 Financial instruments (continued)

Financial Instruments at fair value through profit or loss (continued)

There were no transfers between Levels 1 and 2 for these recurring fair value measurements during the year.

Financial liabilities at amortised cost

The carrying value of borrowings approximates their fair value. The fair value of borrowings is determined using observable quoted market prices where this is available or by discounting the expected future cash flows using appropriate available market data.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Company defines capital as net funds (total assets less total liabilities) and equity attributable to shareholders.

The Company's gearing level remains in line with the Company's capital management strategy and is fully compliant with the financing arrangements and regulatory obligations.

Management of financial risk

Management monitors and manages the Company's financing, including debt, cash management and interest costs for the Company on a day to day basis. The Board of Directors reviews the Company's financing, treasury, policies and strategies.

In line with project financing arrangements, the Board has authorised the use of derivative financial instruments to reduce the risk of loss arising from changes in market risks, and for economic hedging reasons. Derivatives are used to hedge interest rate risk and to change the basis of interest cash flows from floating to fixed.

The Company's management of specific financial risks is dealt with as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to fund on a timely basis its capital expenditure programme or service its debt. At 31 March 2026, the Company had total liquidity of £33,596,000, comprising entirely of cash borrowing. The Company has access to debt facilities and equity commitments from shareholders to meet obligations when due.

The Company is supported by the parent undertakings. The Company monitors funding to ensure availability of required liquidity, including capital expenditures and debt service payments, through cash management.

The table below analyses the Company's undiscounted cash flows on borrowings and net-settled derivative financial instruments, into relevant maturity groupings based on the remaining period to the contractual maturity date at the Statement of Financial Position date.

19 Financial instruments (continued)

Liquidity risk (continued)

As at 31 March 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Non derivative financial liabilities					
Trade and other payables	**124,391**	**–**	**–**	**–**	**124,391**
Borrowings	**20,000**	**–**	**–**	**974,110**	**994,110**
Lease liabilities	**41,389**	**20,607**	**1,399**	**13,371**	**76,766**
	185,780	**20,607**	**1,399**	**987,481**	**1,195,267**
Derivatives					
Derivative assets – net settled interest rate swaps	**4,624**	**8,690**	**43,644**	**92,332**	**149,290**
	4,624	**8,690**	**43,644**	**92,332**	**149,290**

As at 31 March 2025	Less than 1 year	Between 1 and 2	Between 2 and 5	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Non derivative financial liabilities					
Trade and other payables	86,338	–	–	–	86,338
Borrowings	13,623	–	–	538,110	551,733
	99,961	–	–	538,110	638,071
Derivatives					
Derivative assets – net settled interest rate swaps	1,531	(1,983)	2,418	81,417	83,383
	1,531	(1,983)	2,418	81,417	83,383

The Company has a lease agreement for the use of seabed which includes rentals for a period of the lease which will be calculated at a rate of 1.5% of revenue. So far no rentals have been charged on this basis. The Company views these elements of payments to be variable and therefore have not accounted for them in the above lease liabilities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables.

The Company's maximum exposure to credit risk is the carrying amount of financial assets and therefore the maximum exposure at 31 March 2026 was £178,810,000. Analysis of this amount can be found in the financial assets section of this note. The Company has an arrangement in place whereby the counterparties of the Company's financial derivatives may be required to post collateral limiting risk of non-payment.

19 Financial instruments (continued)

Credit risk (continued)

The Company's financial arrangements provide clear guidelines for liquidity instruments, sets counterparty concentration and minimum credit rating requirements (as measured by reputable credit agencies), outlines requirements and limits for derivative instruments.

At 31 March 2026 there were no significant concentrations of credit risk.

Market risk – interest rate risk

The Company's finance strategy defines long term objectives for the management of interest rate risk, in addition to compliance with the hedging policies contained in the financing documentation. These include, amongst other things, restrictions on over hedging and requirements as to the amount of the Company's debt which bears a floating rate of interest. Management reviews the hedging instruments quarterly to ensure restrictions are met.

All drawn debt at 31 March 2026, which is based on floating rates, is hedged via interest rate swaps at fixed rates. The fixed interest rates of the swaps range between 3.868% and 3.939%. The settlement dates largely coincide with the dates on which interest is payable on the underlying debt and the notional value of these instruments match the expected future drawings for committed borrowings.

Derivatives are only used for economic hedging purposes and not as speculative investments. The Company has not designated any derivatives within hedging relationships and therefore has not applied hedge accounting.

The table below summarises the sensitivity at 31 March 2026 of the Company's profit or loss to changes in interest rates for the Company's derivatives only. The sensitivity analysis excludes the Company's borrowings. A hypothetical 1% increase in interest rates would result in the following movement in fair value of the interest rate swaps as at 31 March 2026:

	31 March 2026		31 March 2025	
	£'000	**£'000**	£'000	£'000
	+100bps	**-100bps**	+100bps	-100bps
Profit/(loss)	**215,516**	**(215,516)**	228,967	(228,967)

20 Share capital

	31 March 2026	31 March 2025
	£'000	£'000
Allotted and fully paid		
100 (period from 1 January 2024 to 31 March 2025: 100) ordinary shares of £1 each	*****	*

* less than £500

21 Reserves

Retained earnings

Retained earnings represent all net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

22 Net cash used in operating activities

	31 March 2026	31 March 2025
	£'000	£'000
Profit before tax	**47,962**	84,761
Finance income	**(742)**	(1,660)
Fair value adjustment to derivatives	**(48,106)**	(84,926)
Decrease/(increase) in trade and other receivables	**4,153**	(20,970)
Increase in trade and other payables	**32,760**	5,772
Net cash generated from/(used in) operating activities	**36,027**	(17,023)

23 Related party transactions

Key management personnel

During the year, key management personnel of the Company received total remuneration of £309,000 (period from 1 January 2024 to 31 March 2025: £22,000).

Other related party transactions

	31 March 2026	31 March 2025
	£'000	£'000
Net Zero North Sea Storage Holdings Limited		
Amount owed from parent company	**109**	108
BP Alternative Energy Investments Limited		
Amount owed to related party	**–**	(169)
Costs recharged out	**(463)**	(246)
Net Zero Teesside Power Ltd		
Costs recharged in	**–**	320
Amount owed to related party	**(3,102)**	(479)
Costs recharged out	**(1,055)**	(320)
BP Exploration Operating Company Limited		
Amount owed to related party	**(22,352)**	(17,587)
Costs recharged out	**(94,441)**	(139,198)
BP Trinidad and Tobago LLC		
Costs recharged out	**–**	(10)
Equinor Low Carbon UK Limited		
Amount owed to ultimate parent	**(216)**	(78)
Costs recharged out	**(523)**	(17,289)
Equinor New Energy Limited		
Amount owed to related party	**–**	(410)
Costs recharged out	**–**	(51,378)
TotalEnergies CCS UK Limited		
Amount owed to ultimate parent	**–**	(91)
Costs recharged out	**(16)**	(15,220)
TotalEnergies E&P UK Limited		
Amount owed to related party	**(48)**	(15)
Costs recharged out	**(189)**	(113)

24 Capital and other commitments

At 31 March 2026, the Company had the following capital commitments:

	31 March 2026	31 March 2025
	£'000	£'000
Contracts for future capital expenditure not provided in the financial statements	**226,939**	211,900

The capital commitments represent amounts that the Company is committed to as at the Statement of Financial Position date, in line with their contractual obligations.

25 Controlling party

The immediate parent company is Net Zero North Sea Storage Holdings Limited which is registered in the United Kingdom and whose registered office address is Chertsey Road, Sunbury On Thames, Middlesex, United Kingdom, TW16 7BP.

The ultimate parent companies are Equinor Low Carbon UK Limited, TotalEnergies CCS UK Limited and BP CCUS UK NEP Limited which are registered in the United Kingdom and whose registered office addresses are 1 Kingdom Street, London, United Kingdom, W2 6BD, 19th Floor 10 Upper Bank Street, Canary Wharf, London, England, E14 5BF and Chertsey Road, Sunbury On Thames, Middlesex, United Kingdom, TW16 7BP respectively.

There is no one ultimate controlling party.