

**VITAL ENERGI MIDCO LIMITED 10.50 % SENIOR SECURED GBP 175,000,000 BONDS 2025/2030****Admission Document**

This admission document (the "**Admission Document**") has been prepared by Vital Energi Midco Limited (the "**Issuer**") in connection with listing of the bonds (the "**Bonds**") issued under the Issuer's GBP 175,000,000 Senior Secured Bond Issue 2025/2030 with ISIN NO0013622878 (the "**Bond Issue**"). The Bond Issue is guaranteed by Vital Holdings Limited, a company incorporated under the laws of England and Wales with company number 06395526 (the "**Parent Company**"), together with 7 directly or indirectly owned subsidiaries of the Issuer (the "**Guarantors**") (the Issuer together with its Parent Company and the directly or indirectly owned subsidiaries, collectively, the "**Group**").

This Admission Document does not constitute a prospectus under the Prospectus Regulation (Regulation (EU) 2017/1129) or the Norwegian Securities Trading Act of 29 June 2007 no. 75 (together with ancillary rules and regulations, the "**Prospectus Regulations**"), and has not been prepared to comply with the Prospectus Regulations. This Admission Document has been inspected by Nordic ABM as part of the Nordic ABM listing process, but has not been reviewed by or approved by the Norwegian Financial Supervisory Authority or any other public authority.

This Admission Document has been prepared solely for information purposes in connection with listing of the Bonds on the Nordic ABM, a list of registered bonds operated by Oslo Børs ASA and for which Oslo Børs ASA determines the rules (the "**ABM Rules**") in consultation with market participants. The Admission Document does not constitute or form part of any offer or other solicitation to subscribe for or purchase any bonds or other securities, and is not intended to form the basis of any investment decision.

Distribution of this Admission Document may be restricted by local securities legislation and failure to comply with these restrictions may violate applicable securities legislation. Persons who become in possession of this Admission Document may be required to inform themselves about, and to observe, all such restrictions.

Neither the Issuer, the Guarantor nor any of their Affiliates (as defined in the bond terms attached hereto) shall be held responsible or liable for any violation of such restrictions by recipients of this Admission Document.

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES. ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A "US PERSON" EXCEPT IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS.

The information included in this Admission Document is as of the date hereof. Any publication or distribution of this Admission Document subsequent to such date shall not be taken as a representation that the information included herein is still correct and accurate.

This Admission Document is subject to Norwegian law. Any dispute arising in respect of this Admission Document is subject to the exclusive jurisdiction of Norwegian courts, with Oslo District Court (*No. Oslo tingrett*) as legal venue.

#### **RESPONSIBILITY STATEMENT**

This Admission Document is dated 22 September 2025 and has been prepared by the Issuer in connection with the listing of the Bonds on Nordic ABM. The person responsible for the information given in this Prospectus is as follows:


Vital Energi Midco Limited

Century House, Roman Road, Blackburn, Lancashire, United Kingdom, BB1 2LD

The Issuer confirm that to the best of its knowledge the information contained in this Admission Document is in accordance with the facts and the document contains no omission likely to affect its import.

22 September 2025

Vital Energi Midco Limited

Signed by:  
  
BBCC00B9D74242A...

Name: Cécile Parker

Title: Director

## ADMISSION DOCUMENT

This document has been prepared in accordance with the ABM Rules section 2.7 to provide certain additional information requested by the Oslo Stock Exchange as further described in the ABM Rules section 2.7.2.3, no. 8 and no. 21.

### **1 If the Issuer belongs to a group, or to a group of undertakings that are interrelated through common ownership or common management, a brief description of the structure and ownership of the group and the Issuer's role within the group.**

The Issuer is a private limited company incorporated and existing under the laws of England and Wales with registration number 16444525, incorporated 12 May 2025. The Parent has been the sole owner of the entire share capital of the Issuer since its incorporation.

The Issuer role within the Group is to own subsidiaries, act as an intermediate holding company of the Group and be the issuing entity in connection with the Bond Issue. Due to being incorporated 12 May 2025, the Issuer has no operational or financial history. The Group's operational and financial history is covered by the financial reports of the Parent included in [Appendix 1](#).

The Guarantors for the Bond Issue currently comprise of:

- The Parent;
- Vital Energi Solutions Limited, a private limited company incorporated and existing under the laws of England & Wales with registration number 07828647;
- Vital Energi Utilities Limited , a private limited company incorporated and existing under the laws of England & Wales with registration number 16151636 ;
- Vital Energi Generation Limited, a private limited company incorporated and existing under the laws of England and Wales with registration number 07110216;
- Vital Energi (Drakelow) Limited, a private limited company incorporated and existing under the laws of England and Wales with registration number 09780052;
- CEP Teesside Biomass Limited, a private limited company incorporated and existing under the laws of England and Wales with registration number 09731950;
- Vital Energi (Port Clarence) Limited, a private limited company incorporated and existing under the laws of England and Wales with registration number 16207205;
- Vital Energi (Drakelow Property) Limited, a private limited company incorporated and existing under the laws of England and Wales with registration number 16103839;

For further information on the guarantees provided by the Guarantors under the Bond Issue, please see the Loan Description attached as [Appendix 4](#).

The Issuer currently owns 100% of the Guarantors (either directly or indirectly), except for: (i) the Parent Company; and (ii) Vital Energi Generation Limited (76% owned by the Issuer). Please note, however, that as of the date of this Admission Document, the Issuers ownership of the Guarantors is currently beneficial.

The reason for the Issuer's ownership of the Guarantors currently being beneficial, is that ownership of the Guarantors (except the Parent) was transferred from the Parent to the Issuer as part of an intra-group reorganisation completed on 1 August 2025. However, pursuant to English law, transfer of legal title is not completed until the UK Tax Authority (HMRC) stamps certain stock transfer forms dated 1 August 2025. Obtaining

such approval is subject to a processing time of approx. 6-8 weeks, meaning that legal title of ownership of the Guarantors (except for the Parent) will likely be transferred from the Parent to the Issuer by 1 October 2025.

For the sake of completeness, please note that the intra-group reorganisation was mainly carried out due to requirements under the Bond Terms to, *inter alia*, simplify the previous corporate structure by centralising the ownership of the Guarantors in one corporate holding entity, i.e. the Issuer. The intra-group re-organisation has not entailed any changes in the Issuer and/or the Group's operations. The Issuer is therefore of the view that the intra-group reorganisation will not have any particular effect for current and/or prospective investors in the bond.

An overview of the intra-group reorganisation is included in [Appendix 2](#), which illustrates the corporate group structure of the Issuer prior to and after the intra-group reorganisation.

**2 General information on the development of the Issuer's activities since the end of the financial year covered by the last published annual accounts. Information on the most significant recent trends in production, sales and stocks and the state of the order book, and recent trends in costs and selling prices and other factors of material significance for operations. Oslo Børs ASA reserves the right to require that pro forma figures are included.**

The Issuer is a newly incorporated entity, and there have been no subsequent events since the incorporation other than the issuance of Bonds.

Save for matters noted elsewhere in this Admission Document there have been no major transactions substantial enough to impact the economic situation of the Group being of relevance to investors in the bonds since the end of the financial year.

There are no other significant trends in the Group's activities or other trends of material significance for the Group's operations since the end of the financial year.

**3 Amendments to the Bond Terms**

Please note that following a summons for a written resolution dated 19 August 2025, the bondholders resolved on 2 September 2025 to waive the 2025 Annual Financial Statement Requirement in Clause 12.1 of the Bond Terms, pursuant to which the Issuer is required to make available on its website (or another relevant information platform) the Annual Financial Statements (as defined in the Bond Terms) as soon as they become available, and in any event no later than four (4) months after the end of the relevant financial year. The summons for a written resolution and the notice of a written resolution is attached as [Appendix 5](#).

The Issuer and Nordic Trustee AS, the latter as bond trustee on behalf of the bondholders, entered into an amendment agreement (the "**Amendment Agreement**") to the Bond Terms on 8 September 2025. The purpose of the Amendment Agreement is to document the waiver and the amendment to Clause 12.1 of the Bond Terms approved by the bondholders on 2 September 2025. The Amendment Agreement is attached as [Appendix 6](#).

In summary, the Amendment Agreement was entered into because of the following:

- After the reorganisation of the Group which was completed on 1 August 2025, the Issuer will not form part of the consolidated accounts for the financial year ending 30 June 2025.



- In addition, the timing of the Issuer's incorporation and the Group reorganisation means that the audit of the Parent's consolidated Annual Financial Statements for that financial year – and consequently the related reporting – will not be completed within the four-month deadline of the original bond terms.

Pursuant to the Amendment Agreement, the Parent will provide: (i) its unaudited consolidated financial statements by 31 October 2025; and (ii) its audited consolidated financial statements by 31 December 2025. For the sake of completeness, the Parent expects to deliver its unaudited and audited financial statements in accordance with the Bond Terms, as amended by the Amendment Agreement.

The Issuer expects to publish its first audited annual financial statements on 31 December 2025. For the sake of completeness, please note that the Issuer's first audited financial statements will not be consolidated due to the reorganisation of the Group being completed after the end of the financial year. The Issuer's first audited consolidated financial statements will therefore be produced for the year ending 30 June 2026, and will be available by 31 October 2026.

**APPENDIX 1**  
**FINANCIAL STATEMENTS**

- **UNAUDITED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS FOR VITAL HOLDINGS LIMITED  
ENDING 30 JUNE 2025**
- **AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR VITAL HOLDINGS LIMITED COVERING THE  
FINANCIAL YEARS ENDING 30 JUNE 2024, 2023 AND 2022**
- **AUDITED AND NON-CONSOLIDATED FINANCIAL STATEMENTS FOR VITAL ENERGI GENERATION  
LIMITED COVERING THE FINANCIAL YEARS ENDING 30 JUNE 2024, 2023 AND 2022**



VITAL HOLDINGS LIMITED

# Interim Accounts

For the 6 months ended 30th June 2025



VITAL HOLDINGS LIMITED

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VITAL HOLDINGS LIMITED

# COMPANY INFORMATION

VITAL HOLDINGS LIMITED

## DIRECTORS

Mr G J Fielding  
Mr I M Whitelock  
Ms C Parker  
Mr A Malin  
Mr M Cooke  
Mr G Le Sueur  
Mrs S A Fielding

## SECRETARY

Mr S McKechnie

## COMPANY NUMBER

06395526

## REGISTERED OFFICE

Century House, Roman Road, Blackburn, Lancashire BB1 2LD

## AUDITOR

RSM UK Audit LLP,  
Chartered Accountants, Bluebell House,  
Brian Johnson Way, Preston, Lancashire PR2 5PE



VITAL HOLDINGS LIMITED

# Principal activity

Operating within the dynamic energy sector, we offer an extensive array of energy-related services, systems and solutions; as both an Asset Owner and Operator and on behalf of others.

Our core services encompass the design, installation and operation of low-carbon and renewable energy products and solutions, many of which are delivered under long-term energy performance contracts. This includes energy generation, heat recovery and

Our purpose is to protect our planet for future generations. This guiding principle shapes every aspect of our operations, and is deeply ingrained in our culture.

storage, employing an increasingly diverse range of technologies to meet our customers' needs while reducing environmental impact. We also specialise in energy distribution networks for heat, power and other utilities, as well as the integration of new energy networks with national energy grids.

Our purpose is to protect our planet for future generations. This guiding principle shapes every aspect of our operations and is deeply ingrained in our culture. From our grassroots Climate Education programme to our pioneering sustainable solutions across the UK, we are driven by this purpose, which all of our people strive to achieve.

## WE DELIVER VALUE

We work with clients, partners and community stakeholders to ensure we deliver value:



Offering the lowest possible carbon solution



Ensuring energy security & reliability



Maximising energy bill savings



Maximising community energy benefits

This purpose extends to our growing role in asset management, ensuring the efficient and sustainable operation of systems through a full suite of services, including repairs, replacements, performance analysis and financial management.

Building on our expanded presence, we continue to enhance our ability to serve communities and develop strong local partnerships. Our expertise in energy distribution networks for heat, power and other utilities continues to evolve,

integrating new energy networks with the National Grid through advanced mechanical and electrical systems, building controls and optimised smart energy solutions.

Our broad range of energy conservation measures such as building fabric improvements and energy efficiency solutions remain central to reducing energy consumption in buildings, both new and retrofit. Whether delivering full or part funding for these solutions, our focus is on long-term sustainability,

supported by guaranteed financial and carbon savings, as well as rigorous performance monitoring and reporting.

We operate across a diverse range of markets, including healthcare, education, industrial, commercial, transport, residential, energy from waste and local authority sectors, remaining at the forefront of innovation as we continue to expand and meet the demands of a changing world.



VITAL HOLDINGS LIMITED

# Fair review of the business

We are pleased to report a strong half year leading to another year of stable growth and profitability. Given the challenging economic climate, our robust performance is successfully underpinned by our extensive experience of over 30 years in delivering complex projects and our well-established supply chain relationships.

Over the last year, increasing pressures from regulatory mandates and the growing emphasis on client Net Zero strategies have continued creating significant new opportunities for our group. In response, we have strategically enhanced our service offerings, expanded the size and expertise of our team, and fortified our alliances with key partners. Our unwavering commitment to innovation is reflected in our increased investment in research and development, where we are collaborating with leading institutions to pioneer next-generation technologies and solutions.

The group's turnover saw a robust increase of £35.3m to £172.6m (FY24 6M: £137.3m), representing 25.7% growth for the six-month period to June 2025. Operating profit was also strong, rising by £1.5m to £8.2m (FY24 6M: £6.7m), an increase of 22.5% compared to the equivalent period last year.

Our continued growth has necessitated a healthy increase in employee numbers, which, along with the increased depreciation of our Energy from Waste plant of £2.2m (FY25 6M: nil) as we have only just started depreciating the plant in this financial year, contributed to an increase in overheads to £17.7m (FY25 6M: £13.9m).

Group net assets increased to £64.6m (FY24: £47.6m). This significant increase underscores the group's financial strength and its ability to fund future investments and expansion. The directors are confident that the group's strong liquidity position, with year-end cash balances of £70.6m (FY24: £61.8m), is more than sufficient to support our future growth plans.

During the year, we continued to make strategic investments, including providing financing to support business opportunities as part of our move into investing in Chiltern Group Companies.

The group's sales and secured order book for FY26 is already strong, and the forecast shows a continuation of the significant growth levels experienced in previous years.

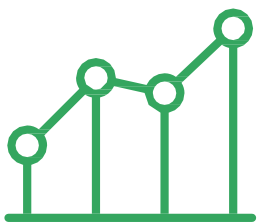




VITAL HOLDINGS LIMITED

# Governance

Our skilled Board of Directors are focused on guiding our continued strategic growth and overseeing operations. We are proud to continue:



INTRODUCING PROGRAMMES  
> Emerging Leaders Programme and Future Leaders Board for junior members of our organisation to support in nurturing talent and drive innovation, demonstrating our commitment to developing leaders of the future for this industry.

ENHANCING RISK MANAGEMENT  
> Robust risk management framework to identify, assess, and mitigate risks across our operations. This proactive approach ensures we are well prepared to navigate potential challenges and safeguard our business.



We also continued our work in other key areas, as detailed below:

## ETHICAL PRACTICES

We are committed to ethical business practices and social responsibility. We adhere to international standards and regulations, including the UN Global Compact and the Modern Slavery Act. Our supply chain is managed responsibly, ensuring ethical sourcing and fair labour practices.

## MONITORING OUR IMPACT

To measure and improve our social and environmental impact, we employ rigorous impact measurement methodologies. We are aligned with UN Sustainable Development Goals and are committed to reducing our carbon footprint and contributing to a sustainable future.

## INDUSTRY INNOVATION

We actively engage with key industry associations and bodies, such as Heat Trust, Department of Energy Security and Net Zero (DESNZ), ADE, Heat Network Industry Council (HeatNIC), Energy UK and Remedy, to shape industry standards and policies. Our strategic partnerships with leading institutions and investors enable us to deliver innovative and sustainable energy solutions, details of which can be found in section 8 – Future Developments and Innovations.

Our strategic partnerships with leading institutions and investors enable us to deliver innovative and sustainable energy solutions

Through our engagement and collaboration in these forums we are helping to steer new government policies expected to come into place in 2025/2026 to create the right environment for growth in the heat decarbonisation market. Our input into these forums is so critical to ensure we share our 30 years + experience with the policy makers, so we have the right investable framework for the future.





VITAL HOLDINGS LIMITED

## Key risks and uncertainties

The energy market remains subject to significant volatility and uncertainty, influenced by a range of factors including geopolitical events, economic conditions and evolving regulatory frameworks.

**G**overnment policy, particularly in relation to energy and climate change, can significantly impact our group's business model and investment plans. However, we are actively engaged with policymakers to shape a supportive regulatory environment. Fluctuations in energy prices, interest rates and exchange rates can affect our group's financial performance and cash flows.

We mitigate risks through a comprehensive risk management framework, including regular risk assessments, contingency planning and financial discipline. We prioritise supplier and subcontractor relationships, cybersecurity and talent development to ensure business continuity. Additionally, we actively monitor geopolitical, economic and regulatory factors that may impact our operations.

We maintain a strong financial position, employ prudent financial management practices and diversify our revenue streams to mitigate financial risks. By proactively addressing these risks, we aim to safeguard our business and deliver long-term value to our shareholders.

Operational challenges, such as supply chain disruptions, project delays, or operational failures, can hinder our group's ability to deliver projects and meet customer expectations. To address these challenges, we have implemented robust project management processes, risk mitigation strategies and contingency plans.

Our group is also exposed to financial risks, including changes in credit ratings, increased borrowing costs and adverse economic conditions. However, our strong financial position and prudent financial management practices help mitigate these risks. Reputational risk, stemming from negative publicity, product recalls, or environmental incidents, is minimised through our strong focus on corporate social responsibility and ethical business practices.

Supply chain disruptions, particularly in relation to critical materials and components, could impact project delivery and increase costs. To mitigate this risk, we are actively diversifying our supply chain and building

strong relationships with suppliers. Cybersecurity threats are addressed through robust cybersecurity measures and regular security audits.

Attracting and retaining skilled talent is essential to our Group's success. We are committed to investing in employee development, offering competitive compensation packages and fostering a positive work environment to attract and retain top talent.

While the energy sector is inherently complex and subject to various risks, we are well-positioned to navigate these challenges through our experienced management team, robust risk management framework and strong financial position.

Attracting and retaining skilled talent is essential to our Group's success





VITAL HOLDINGS LIMITED

## Section 172(1) statement

"Protecting our planet for future generations" underpins every action, interaction, or business decision we take. We are committed to acting in a way that promotes the long- term success of the company for the benefit of all stakeholders, while upholding our core purpose. This statement outlines how we consider the factors set out in Section 172 of the Companies Act 2006 when making decisions.

### STAKEHOLDER CONSIDERATIONS

#### EMPLOYEES:

Our culture is extremely important to us, so we work hard to ensure that all employees feel equally valued as part of a company that embraces diversity and inclusion, which genuinely wants them to thrive. We always value their opinions, inviting frequent employee engagement, whilst offering various benefits to promote well-being.

We also offer extensive training and development opportunities to enhance our inhouse skills, enabling employees to fulfil their career ambitions, progressing within our group, equipping them with the skills needed to succeed in a sustainable energy future.

#### CUSTOMERS:

We strive to deliver exceptional service, value for money and innovative solutions that meet evolving customer needs and contribute to their sustainability goals. We aim to become a sustainability partner to our customers, acting as their go-to company for end-to-end energy solutions, from generation to consumption.

#### SUPPLIERS:

We maintain and nurture strong relationships with all suppliers, recognising that our environmental responsibilities start with our supply

chain. We therefore actively seek to work with those who share our commitment to sustainable practices and ethical sourcing. We also commit to ensuring fair and timely payment, demonstrated in our Payment Practice Report.

#### COMMUNITY:

We actively participate in local and wider communities through a range of initiatives. Our well-established and comprehensive Climate Education programme seeks to enhance both primary and secondary curriculums, educating young people about climate change, carbon reduction strategies and the difference they can make. We also discuss renewable energy careers, growing future talent. Employee volunteering days and other community investments ensure that we 'give back' to communities wherever possible.

#### INVESTORS:

We provide clear and timely information to ensure alignment with shareholder interests. We are committed to fostering a culture of transparency and open communication, providing regular updates on our performance, strategy and sustainability initiatives. We believe that informed shareholders are empowered shareholders and we are dedicated to building strong, long-term relationships with our investors.



### LONG-TERM CONSEQUENCES

As a developer and asset owner of renewable energy generation, storage and infrastructure, all decisions are carefully evaluated against their long-term impact as we aim to establish new ways to achieve the **UK's** net zero pathway. Long-term consequences are considered in the context of:

#### SUSTAINABILITY:

We inherently prioritise investments and operations that promote energy efficiency, renewable energy sources, and a reduced carbon footprint.

#### FINANCIAL STABILITY:

We consistently manage and mitigate against risk effectively to ensure long-term financial viability and liquidity, enabling investment in sustainability initiatives.

#### INNOVATION:

We continually invest in technology and intellectual property development to offer pioneering solutions that contribute towards a low-carbon future.

#### MARKET TRENDS:

We stay ahead of the curve by anticipating and adapting to changing market dynamics in the energy sector.

# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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The directors present their interim report and financial statements for the 6 months ended 30 June 2025.

#### Principal activity

The principal activity of the Company and Group is disclosed on page 4.

#### Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid (2024: £nil). The directors do not recommend payment of a further dividend.

#### Directors

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

Mr G J Fielding	
Mr I M Whitelock	
Ms C Parker	
Mr A Malin	Appointed 1 July 2025
Mr M Cooke	Appointed 1 July 2025
Mr G Le Sueur	
Mrs S A Fielding	

#### Qualifying third party indemnity provisions

The Group and Company have made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Research and development

The Group and Company are a leading innovator in efficient energy provision and a catalyst for the development of new and sustainable ways of supplying the heat and power the UK needs while at the same time contributing towards the government's published emission reduction targets and net zero strategy.

As such the Group and Company are engaged in continuous research and development activities across numerous projects including the design and development of a technologically advanced energy from waste power plant.

#### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Employee involvement

The Group and Company's policy is to consult and discuss with employees at meetings matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Matters of strategic importance

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. In this interim report, this applies to the S172 (1) statement.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

#### Financial risk management objectives and policies

The Group and Company finance operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings or leasing arrangements.

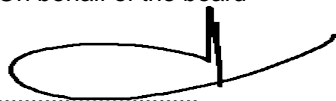
The management objectives are to:

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the Group's and the Company's exposure to fluctuating interest rates when seeking borrowing; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Group and Company's trading activities.

Where appropriate, funds are invested in sterling bank deposit accounts and borrowings are all obtained from standard bank loan accounts. As such, there is little price risk exposure.

Where appropriate, funds are held primarily in short-term variable rate deposit accounts. The directors believe that this gives them flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

On behalf of the board



Ms C Parker

Director

28/08/25

Date: .....

# **VITAL HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE 6 MONTHS ENDED 30 JUNE 2025**

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The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**VITAL HOLDINGS LIMITED**

Company Registration No. 06395526

**CONSOLIDATED INCOME STATEMENT  
FOR THE 6 MONTHS ENDED 30 JUNE 2025**


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	<b>£'000</b>
<b>Turnover</b>	<b>172,587</b>
Costs of Sales	(147,372)
<b>Gross Profit</b>	<b>25,214</b>
<hr/>	
<i>Analysis of administrative expenses:</i>	
Administrative expenses - non-exceptional	(16,040)
Administrative expenses - exceptional items	(947)
Share-based payment charge	(752)
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Administrative expenses	(17,739)
Other Operating Income	759
<b>Operating Profit</b>	<b>8,234</b>
Interest receivable and similar income	1,709
Interest payable and similar	(3,846)
<b>Profit before taxation</b>	<b>6,097</b>
Tax on profit	(1,359)
<b>Profit for the period</b>	<b>4,738</b>

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**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2025**


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	£'000	£'000
<b>Fixed Assets</b>		
Goodwill		226
Other intangible assets		3,706
Total intangible assets		<u>3,932</u>
Tangible assets		131,761
Investments		<u>13,800</u>
		<u>149,493</u>
<b>Current Assets</b>		
Stocks	18,491	
Debtors falling due after more than one year	18,100	
Debtors falling due within one year	85,999	
Cash at bank and in hand	<u>70,629</u>	
	193,219	
<b>Creditors falling due within one year</b>	<u>(191,774)</u>	
<b>Net current assets</b>		<u>1,445</u>
<b>Total assets less current liabilities</b>		150,939
<b>Creditors falling due after more than one year</b>		(85,494)
<b>Provisions for liabilities</b>		(892)
<b>Net assets</b>		<u><u>64,554</u></u>
<b>Capital and reserves</b>		
Called up share capital		10,240
Merger Reserve		(233)
Share-based payment reserve		2,402
Own shares		(2,664)
Profit and loss reserves		62,477
Equity attributable to owners of the parent company		72,222
Non-controlling interests		(7,668)
		<u><u>64,554</u></u>

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**VITAL HOLDINGS LIMITED**

Company Registration No. 06395526

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS ENDED 30 JUNE 2025**

<b>Cashflow - 6 months to June 25</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations		48,949
Interest paid		(48)
Income taxes paid		<u>(575)</u>
<b>Net cash inflow from operating activities</b>		48,326
<b>Investing activities</b>		
Purchase of intangible fixed assets		
Other movement on intangible assets		
Purchase of tangible fixed assets	(19,304)	
Proceeds on disposal of tangible fixed assets		
Issue of loans	(5,977)	
Repayment of loans		
Other movements on unlisted investments		
Interest received	<u>581</u>	
<b>Net cash used in investing activities</b>		(24,700)
<b>Financing activities</b>		
Purchase of own shares		
Net proceeds from debentures		
Repayment of debentures	(1,540)	
Repayment of hire purchase	(190)	
Repayment of bank loans		
Proceeds from government grants	<u>10,715</u>	
<b>Net cash (used in)/generated from financing activities</b>		<u>8,985</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		32,611
Cash and cash equivalents at beginning of Jan 25		<u>38,018</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>70,628</u></u>



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2025

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### 1 Accounting policies

#### Company information

Vital Holdings Limited ("the Company") is a private Company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The Group consists of Vital Holdings Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are disclosed on page 4.

#### Accounting convention

These interim financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the Company takes advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis in the annual financial statements;

- Section 7 'Statement of Cash Flows'- Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

#### Basis of consolidation

The consolidated financial statements incorporate those of Vital Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

These interim financial statements are made up to 30 June 2025. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group Companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Total comprehensive income and other movements on reserves are split between owners of the parent Company and non-controlling interests according to the interest held. Non-controlling interests are recorded separately from equity attributable to owners of the parent Company on the consolidated balance sheet.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### 1 Accounting policies (Continued)

##### Going concern

The directors have assessed the Group's and Company's ability to continue as a going concern, taking into account the financial forecasts for the foreseeable future, which extend to June 2027. These projections point to a positive outlook for future revenues and profitability, underpinned by a robust order book and a pipeline of new projects.

The Group continues to operate in the energy sector, a dynamic environment facing challenges such as inflationary pressures and supply chain disruptions. However, its diversified service offerings and strong track record, particularly in low-carbon and renewable solutions, position it well to manage these complexities and capitalise on the broader industry shift towards decarbonisation, a trend supported by government policy.

In their assessment, the directors have given careful consideration to the Group's overall liquidity and existing borrowing arrangements. This includes the successful completion of a five-year, £150m bond issuance, which provides significant funding for future asset ownership and growth. They are confident that the Group and Company will have sufficient financial resources to meet their obligations as they fall due over at least the next twelve months.

While the Company itself incurred a loss for the 6 months ending 30 June 2025 of £104,428, this is offset by the ongoing financial support provided by Vital Energi Utilities Limited, as evidenced by a letter of support.

On this basis, the directors consider it appropriate to prepare the Group and Company financial statements on a going concern basis.

##### Turnover

The turnover shown in the profit and loss account represents the value of all goods and services provided during the year, at selling price exclusive of Value Added Tax. Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

Turnover from ongoing maintenance and project management services is recognised as the service is provided.

In the case of other revenue, turnover is recognised at the point at which the Company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer, which is usually on dispatch of the goods.

For construction contracts, turnover represents the value of work done in the year and is determined by reference to the stage of completion of each contract.

**Waste Acceptance Fees:** Revenue from waste acceptance fees is recognised upon receipt of the waste at the plant, provided the terms of the contract are met and the customer has an unconditional right to receive the services.

**Energy Production:** Revenue from energy production is recognised as the electricity is generated and sold to the grid. The fair value of the electricity sold is determined based on market prices and contractual terms.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### 1 Accounting policies (Continued)

##### **Construction contracts**

Profit on construction contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Revenue derived from the variations on contracts is only recognised when they have been accepted by the customer.

Full provision is made for losses on all contracts in the year in which they are foreseen.

Amounts recoverable on contracts are amounts not yet invoiced for which work has been completed but not yet certified. Payments received on account are payments received in advance of the work being undertaken.

##### **Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised if all the following criteria are met:

- The technical feasibility;
- Intention to complete the development of the intangible asset;
- Ability to use or sell the intangible asset;
- Demonstrate that the intangible asset will generate probable future economic benefits;
- The availability of resources to complete the development; and
- Ability to measure reliably the expenditure attributable to the intangible asset during its development.

##### **Intangible fixed assets - goodwill**

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life which is the period that it is expected to provide economic benefit to the group, in this case of 20 years.

Provision is made for any impairment in its value. The useful economic life is the expected period over which the Company expects to derive an economic benefit, and is reviewed on an annual basis.

In addition, an impairment review is also performed where there are indicators that goodwill has been impaired, such as income or profits deriving from the acquired business which gave rise to goodwill being below original expectations.

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangibles consist of accreditation costs which are stated at cost less amortisation. Cost represents purchase price together with any incidental costs of acquisition.

Internally generated intangibles are stated at cost less amortisation. Cost represents the cost incurred by the group to develop the asset.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

#### 1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Development costs	5% - 33% straight line
Other intangibles	40% straight line
Lease premium	30 years straight line

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost represent purchase price together with any incidental costs of acquisition.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land	not depreciated
Plant and machinery	5% - 25% straight line
Fixtures, fittings and equipment	10% - 33% straight line
Computer equipment	25% - 33% straight line

Assets under the course of construction are depreciated when completed and ready for use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

In the separate accounts of the Company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

#### 1 Accounting policies (Continued)

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 June. For certain undertakings the Group has shareholding above 20% and whilst this ordinarily would presume the Group has significant influence, it can be clearly demonstrated that this is not the case due to limited board representation and de facto minimal control over day-to-day operations. Such undertaking are recognised as unlisted investments and are recognised at cost less impairment.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the Group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the Group.

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the Group has an obligation or has made payments on behalf of the associate.

#### Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### Stocks

Work in progress and finished goods and goods for resale are stated at the lower of cost and realisable value less costs to complete. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the work in progress to its present condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### 1 Accounting policies (Continued)

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Captive insurance scheme**

The Group self-insures potential insurance claims through a captive insurance scheme. It has invested in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell Company and has de facto control of the assets and liabilities of the cell. The Group accounts for the cell as an intermediate payment arrangement, recording the assets and liabilities, expenses and any investment income of its cell as its own, and payments made into the scheme are eliminated.

##### **Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

##### **Unlisted investments**

Unlisted investments over which the Company has no significant influence, joint control or control are initially measured at transaction price. Transaction price includes transaction costs, except where investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Unlisted investments are subsequently measured at fair value through profit or loss, or cost less impairment if fair value cannot be measured reliably.

##### **Impairment of financial assets**

Financial assets, 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, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### 1 Accounting policies (Continued)

##### Basic financial liabilities

Basic financial liabilities, including trade and other creditors, amounts owed to contract customers, debenture loans, other borrowings, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

##### Equity instruments

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

##### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### Retirement benefits

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year. The assets of the scheme are held separately from those of the Group in an independently administered fund.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### 1 Accounting policies (Continued)

##### Share-based payments

The Group grants share options ("equity-settled share based payments") over the shares of the Company to certain employees.

The Company recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. The allocation is based on the number of employees benefiting from the share based payment plans employed by each Group entity.

Equity-settled share based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity in the form of a capital contribution.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payments. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

##### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### Government grants

Government grants are recognised on the accruals basis. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### 1 Accounting policies (Continued)

##### Employee benefit trusts

The Group has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the Group retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the Group until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the Group on the basis of employees' past services to the business and the Group can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the Group are charged to the profit and loss account in the period to which they relate.

##### Exceptional costs

Exceptional costs are items which derive from events or transactions that fall within the ordinary activities of the Group and which individually, or, if of a similar type, in aggregate, that the directors' believe should be disclosed separately due to being one-off in nature.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements.

##### Share options

The Black Scholes option pricing model is used to determine the fair value of options granted. A number of estimates and assumptions are used in the model including a risk free interest rate, a dividend yield and volatility in order to determine the weighted average value of the options included.

##### Investments and other debtors

The directors have evaluated the carrying value of investments and other debtors at the end of the period for potential impairment indicators, as mandated by FRS102. Based on this assessment, they have determined that an impairment test is not necessary as at 30 June 2025. Vital Energi Group's strategic shift from a predominantly "Design and Build" approach to an "Energy Asset Owner" model involves securing long-term energy supply contracts (typically 25-40 years). While initially capital-intensive, this strategy enhances profitability predictability, mitigates market volatility, and increases overall group value.

The Company's investments, whether in equity or loans, support this strategic direction. The ultimate goal is to become the long-term energy supplier for each project involved. While there may be additional benefits from equity stakes, the primary focus remains on energy supply.

Despite the longer-term nature of some projects, current progress is deemed sufficient to justify the carrying value on the balance sheet. The directors conduct monthly reviews of all investments and loans, actively participating in the projects and often serving on relevant subsidiary boards

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 6 MONTHS ENDED 30 JUNE 2025

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#### 2 Judgements and key sources of estimation uncertainty (Continued)

Based on these ongoing assessments, the directors believe that the investments and loans do not require any impairment provisions at this time.

##### **Construction contracts**

In producing the financial statements, the directors have taken judgements over the profit to be taken on Construction contracts. Profit is taken as the work is carried out where the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion by the year end which can sometimes differ to the assessments of external Quantity Surveyors. Full provision is made for losses on all contracts in the year in which they are foreseen.

##### **Revenue recognition**

The Group reviews the nature of its contracts to assess whether they are acting as a Principal or an Agent in the transaction. Where the Group concludes that they do not bear any price, inventory or credit risk in the transaction, the agreed fixed fees are recognised as Revenue (rather than the gross amounts transacted).

##### **Fixed asset impairment**

In producing the financial statements the directors have estimated the recoverable amount of a material item of plant and machinery and have satisfied themselves that no impairment of the asset exists.

##### **Fair value of unlisted investments**

The directors believe that the fair value of unlisted investments cannot be measured reliably. All unlisted investments are therefore measured at cost less impairment.

##### **Other borrowings**

A loan of £7,155,000 was received during the period ended 30 June 2022. The loan attracts an interest rate of 0.01%. Having considered Section 11 of FRS 102, the Directors have assessed this as a financing transaction and as such have measured the liability at the present value of the future payments discounted at a market rate of interest which was determined to be 5%, taking into account the rates on the funding currently utilised by the Company and the rates available on Government bonds.



VITAL HOLDINGS LIMITED

# REPORT & FINANCIAL STATEMENTS

For the year ended 30th June 2024



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VITAL HOLDINGS LIMITED

# COMPANY INFORMATION

## VITAL HOLDINGS LIMITED

### **DIRECTORS**

Mr G J Fielding  
Mr I M Whitelock  
Mr N Gosling  
Mr G Le Sueur  
Mrs S A Fielding  
Ms C Parker

### **SECRETARY**

Mr S McKechnie

### **COMPANY NUMBER**

06395526

### **REGISTERED OFFICE**

Century House, Roman Road, Blackburn, Lancashire BB1 2LD

### **AUDITOR**

RSM UK Audit LLP,  
Chartered Accountants, Bluebell House,  
Brian Johnson Way, Preston, Lancashire PR2 5PE



## A BRIGHTER FUTURE: INVESTING IN SUSTAINABLE ENERGY OPPORTUNITIES

Vital Energi's annual report, is a testament to our **unwavering commitment** to a sustainable future. We are passionate about protecting our planet for future generations, and this purpose drives everything we do.

A key focus for the year has been accelerating our strategic shift towards asset ownership. This strategic move positions us as a long-term player in the UK energy landscape, enabling us to secure stable long-term revenue streams, enhance financial performance and contribute to the UK's energy transition. Our recent acquisition of the Gloucestershire Science and Technology Park exemplifies this commitment, creating a hub for innovation and sustainable development.

We have a current £1bn+ investment pipeline, consisting of prospective projects, which will allow us to significantly expand our portfolio of land, property, energy from waste and heat and storage assets. We have recently commenced the operational phase of our first energy from waste plant at Drakelow, Derbyshire.

Environmental sustainability remains at the core of our business. We have made significant strides in reducing our carbon footprint and we were recognised for this by EcoVadis,

### VITAL HOLDINGS LIMITED

a leading provider of business sustainability ratings. We are proud to have achieved a Silver rating in their assessment, placing us in the top 15% of companies globally assessed in 2024 recognising our strong environmental and social performance across various criteria, including environmental impact, labour and human rights, ethics and sustainable procurement.

We are committed to creating a positive impact in the communities we work in. Our Climate Education programme has seen our employees engage with over 20,000 students across the UK, sharing with our future generations the small differences they can make and the career opportunities the renewable energy sector can hold for them. We are expanding this reach by collaborating with local partners too.

We have become a Gold Patron of Blackburn Youth Zone, a pivotal organisation located near our head office that supports young people in the Blackburn area. We are really looking forward to working with them to make Climate Education accessible to all and share the career pathways available to them.

As we look ahead, we are confident in our ability to navigate the evolving energy landscape and deliver long-term value. By embracing innovation, fostering strong partnerships and maintaining our unwavering commitment to sustainability, we will continue to shape a more sustainable future.

I would like to express my sincere gratitude to our talented team, dedicated partners and supportive stakeholders for their invaluable contributions. Together, we are shaping our future energy landscape, one project at a time.

**GARY FIELDING | CHAIRMAN**

4 February 2025





## A YEAR OF IMPACT AND OPPORTUNITY

As we reflect on 2024, I am proud to report on the significant contribution Vital Energi has made to the UK energy transition whilst delivering sustainable, long-term value to our stakeholders. Despite the challenges of a rapidly evolving energy landscape, we have achieved critical milestones that underscore our commitment to innovation, collaboration, and operational excellence.

Over the past year, we have secured major projects that will drive our growth and enhance our ability to meet the UK's decarbonisation goals. These include our successful handover of our energy from waste facility, our appointment on the Solihull District Heating Network, and the extension of the Leeds PIPES heat network. We are also actively supporting the decarbonisation of the transport sector through key projects, positioning us as a trusted partner in delivering low-carbon infrastructure.

Our strategy has focused on forging new partnerships, expanding into new geographies, and strengthening our capabilities. This includes our participation in the South Westminster Area Network (SWAN), the UK's first advanced pilot heat network zone, and the opening of new offices in Newcastle and Swansea reflecting increasing project delivery in Wales and the North East. Despite challenging market conditions, we have continued to see the impressive organic growth of recent years in our rapidly growing headcount, exemplified by the doubling in size of our Scotland office, ensuring we remain resilient and well-positioned for the future.



With our  
partners and  
stakeholders,  
we're **protecting**  
**our planet**  
for future  
generations

Innovation remains at the heart of everything we do. This year, we have made significant investments in developing new technologies, including advanced heat pump systems and thermal storage solutions, which will play a pivotal role in decarbonising the UK's heat network infrastructure.

To underpin continued growth and operational efficiency, we have appointed a Head of Digital Transformation and are making significant investments in system upgrades. These initiatives demonstrate our commitment to leveraging technology to enhance our business operations. Alongside this, we have deepened our use of data-driven platforms, such as Greenly and OneClickLCA, to refine our carbon

reduction strategies. These tools enable us to better understand our impact, engage our supply chain, and align our actions with science-based targets, ensuring that we lead by example in addressing the climate crisis.

At Vital Energi, we recognise that our people are our greatest asset. This year, we launched initiatives to foster innovation and creativity across all levels of the organisation. Our Training Academy continues to upskill our workforce, while our new Learning Management System, Kallidus, will empower employees with dynamic, sustainability-focused training modules.

Looking ahead, our strong culture of collaboration with industry and government will continue to shape policies that unlock investment in heat network infrastructure and drive meaningful decarbonisation. With our experience and diverse portfolio of innovative projects, we are well-placed to meet the challenges of the energy transition and deliver enduring value to all our stakeholders.

With our partners and stakeholders, we are protecting our planet for future generations.

**IAN WHITELOCK | CEO**  
**4 February 2025**



VITAL HOLDINGS LIMITED

# Principal activity

Operating within the dynamic energy sector, we offer an extensive array of energy-related services, systems and solutions; as both an Asset Owner and Operator and on behalf of others.

Our core services encompass the design, installation and operation of low-carbon and renewable energy products and solutions, many of which are delivered under long-term energy performance contracts. This includes energy generation, heat recovery and

Our purpose is to **protect our planet for future generations.** This guiding principle shapes every aspect of our operations, and is deeply ingrained in our culture.

storage, employing an increasingly diverse range of technologies to meet our customers' needs while reducing environmental impact. We also specialise in energy distribution networks for heat, power and other utilities, as well as the integration of new energy networks with national energy grids.

Our purpose is to protect our planet for future generations. This guiding principle shapes every aspect of our operations and is deeply ingrained in our culture. From our grassroots Climate Education programme to our pioneering sustainable solutions across the UK, we are driven by this purpose, which all of our people strive to achieve.

## WE DELIVER VALUE

We work with clients, partners and community stakeholders to ensure we deliver value:



Offering the lowest possible carbon solution



Ensuring energy security & reliability



Maximising energy bill savings



Maximising community energy benefits

This purpose extends to our growing role in asset management, ensuring the efficient and sustainable operation of systems through a full suite of services, including repairs, replacements, performance analysis and financial management.

We have also **expanded our presence this year, opening two additional offices in Newcastle and Swansea, enhancing our ability to serve communities and develop strong local partnerships.** Our expertise in energy distribution

networks for heat, power and other utilities continues to evolve, integrating new energy networks with the National Grid through advanced mechanical and electrical systems, building controls and optimised smart energy solutions.

Our broad range of energy conservation measures such as building fabric improvements and energy efficiency solutions remain central to reducing energy consumption in buildings, both new and retrofit. Whether delivering full or part funding for these solutions,

our focus is on long-term sustainability, supported by guaranteed financial and carbon savings, as well as rigorous performance monitoring and reporting.

We operate across a diverse range of markets, including healthcare, education, industrial, commercial, transport, residential, energy from waste and local authority sectors, remaining at the forefront of innovation as we continue to expand and meet the demands of a changing world.





VITAL HOLDINGS LIMITED

# Fair review of the business

We are pleased to report another year of **stable growth** and **profitability**. This is of particular significance, given the context of a challenging economic climate, showing that our credible experience of over 30 years of delivering complex projects, combined with our well-established supply chain relationships, continues to successfully underpin our robust performance.

The growing demand for decarbonisation solutions, driven by imminent government policies and client Net Zero targets, has presented significant opportunities for our group.

We have responded to this demand by expanding our service offerings, increasing our team, expanding our footprint through two new regional offices and strengthening our partnerships, whilst also continuing our strong commitment to innovation. We are actively involved in research and development, collaborating with leading institutions to develop cutting-edge technologies and solutions.

Our group **turnover demonstrated a strong increase of £23.9m to £248.3m** (FY23 £224.4m), which **equates to 10.6% growth** during the year. **Operating profit** was also strong at **£13.5m** (FY23 £10.7m); **an increase of £2.8m, which equates to 26.2% up** on the previous year.

Gross profit percentage also improved to 15.5% (FY23 13.9%) due to better cost control overall and a favourable project margin mix.

Our group's continued growth has required a healthy increase in employee numbers, which is the main

contributory factor in our overheads increasing to £25.6m (FY23 £21.7m), remaining relatively consistent as a percentage of sales at 10.3% compared to 9.7% in FY23. Average headcount increased to 690 employees in total compared with 583 employees in FY23. Employee costs subsequently increased from £40.7m (FY23) to £48.7m (FY24). Group net assets increased to £47.6m (FY23 £40.9m).

During the year our group continued to develop, through Vital Energi (Drakelow) Limited; an energy from waste facility and has incurred capital expenditure of £11.2m, the majority of which relates to the Drakelow asset. The directors are confident that our strong liquidity position, finishing the year with cash balances of £61.8m (FY23 £63.4m), is more than adequate to support our group's future growth plans.

During the year, we made further investments, as well as providing financing to allow further development of business opportunities in view of our strategic move into investing in Chiltern Group Companies.

Our Group already has a strong sales and secured order book for FY25 and the forecast for FY25 shows a continuation of the significant growth levels experienced in previous years.



## KEY FACTS

# 10.6%

INCREASE IN TURNOVER

# 15.5%

GROSS PROFIT MARGIN

# 26.2%

INCREASE IN OPERATING PROFIT

# £6.7m

INCREASE IN NET ASSETS





VITAL HOLDINGS LIMITED

# Environmental

## Built the Foundations Towards our 2035 Net Zero Target

Over the past year, we made substantial progress towards achieving net zero carbon emissions by 2035, laying a strong foundation for a sustainable future while continuing to innovate in delivering energy solutions that help communities and businesses decarbonise.

In 2023/24, we focused on measurable outcomes, improving our operational efficiency and enhancing our tools for reducing carbon emissions:

### OPERATIONAL EXCELLENCE

- We **reduced total energy consumption by an impressive 112,300 kWh**, equating to a 220 tCO<sub>2</sub>e drop in emissions. This achievement is particularly significant given an 18% growth in our workforce, resulting in a nearly one-third reduction in our carbon intensity ratio.

### ECOVADIS RECOGNITION

- In our first submission to **EcoVadis**, we earned a **Silver rating**, placing us in the top 15% of companies globally assessed in 2024. This milestone underscores our commitment to environmental, social and ethical excellence.

### FLEET ELECTRIFICATION

- While our fleet size grew by 7.3%, our ongoing transition to electric vehicles led to a **4.31% reduction in fleet carbon intensity**, reflecting tangible progress toward greener transportation.

### CONSTRUCTION INNOVATION

- We achieved a **remarkable 57.5% reduction in diesel consumption** on project sites during the reporting year, cutting 343tCO<sub>2</sub>e. This is in part due to the transitioning of our energy from waste plant from construction to commissioning but is also due to actively reducing emissions on our project sites by improving tracking and monitoring carbon, plus introducing hybrid generators.



Operational Excellence



EcoVadis Recognition



Fleet Electrification



Construction Innovation

ACHIEVING OUR NET ZERO TARGETS



## Driving Decarbonisation Through New Systems and Data

Our partnership with Greenly has been instrumental in refining our carbon reduction strategies. With their platform, we have enhanced our ability to visualise emissions data, identify impactful reduction opportunities and engage suppliers through supply chain questionnaires. This collaboration enables us to align with science-based targets and build robust decarbonisation pathways.

In parallel, we are leveraging OneClickLCA to perform lifecycle assessments, identifying opportunities to reduce embodied and operational carbon in our infrastructure projects. These tools empower us to address emissions across our entire value chain, where 99% of our footprint arises, particularly in hard-to-abate sectors like steel and concrete manufacturing.



VITAL HOLDINGS LIMITED

## Consumption Reduction and Renewable Tariffs

This year saw significant developments in our energy use. A 12% reduction in gas consumption was achieved, which although partially attributable to a mild winter was also positively impacted by more efficient building controls.

While electricity consumption rose due to office expansion, our commitment to renewable energy remains steadfast, with our three largest locations: Blackburn, Holborn and Glasgow, now powered by 100% renewable tariffs.



## Achieving Net Zero Requires Collaboration

This year, we introduced a Supplier Code of Conduct, encouraging partners to align with our sustainability goals by setting net zero targets and providing Scope 1 and 2 data. We also strengthened ties with industry bodies like HeatNIC and Scottish Renewables to champion lower-carbon technologies.

Our annual **"Get Green Week"** and Greenly's interactive training modules have inspired employees to take an active role in sustainability, fostering a culture of shared responsibility.



## LOOKING AHEAD IN 2025

The coming year will be pivotal as we deepen our sustainability efforts:

- > **Decarbonisation:** We aim to install a heat pump at our Head Office in Blackburn to eliminate fossil fuel reliance at our largest location.
- > **ESG Framework Development:** We are creating an ESG Framework aligned with GRI Standards to fully integrate environmental and energy KPIs into our core business strategy.
- > **Project Site Innovations:** Plans include scaling renewable energy solutions like solar-powered cabins and hybrid generators whilst exploring cleaner fuels for our sites.
- > **Supply Chain Transformation:** We will continue to engage suppliers on decarbonisation strategies and measure progress using the Greenly platform and OneClickLCA.
- > **Employee Engagement:** With the launch of our new learning management system, Kallidus, employees will gain access to dynamic training modules, empowering them to contribute to our sustainability journey.

Every step we have taken this year brings us closer to a low-carbon future. By focusing on innovation, collaboration and accountability, we are not only reducing our footprint but also helping others achieve their net zero ambitions. Together, we are building a sustainable legacy for generations to come.





# Social

## MAKING A POSITIVE IMPACT ON COMMUNITIES

Our commitment to social value extends far beyond the delivery of energy solutions. We believe in making a tangible, positive impact on communities by investing in partnerships, employability, skills development, diversity and well-being. Our approach is driven by the understanding that creating a more sustainable, equitable future requires both economic growth and a genuine commitment to social and environmental responsibility.

### Investing In Our Future

We are passionate about nurturing the next generation of talent and ensuring that we equip them with the skills required for a low-carbon future.

This year, we expanded our apprenticeship programme and actively engaged with students across multiple educational levels. Our partnerships with schools, colleges and universities continued to help us promote careers in green technologies and energy solutions, developing our workforce of the future.

#### Our 2023/24 investment in education included:

- › Employing **57 apprentices** across the business, covering technical and craft disciplines.
- › Providing meaningful **work placements** to local students, helping them gain practical experience in the energy sector.
- › Hosting **50 careers events** at schools, colleges and universities, focusing on green skills and career pathways, engaging with over 10,000 students.
- › Engaging and inspiring primary schools as part of our **Climate Education programme**.

We continued our profound commitment to equality, diversity & inclusion. Our team regularly participated in initiatives and training to ensure we create a more inclusive environment, collaborating with sector groups such as the Diverse Heat Network and District Heating Divas.

Our internal Training Academy continued to develop employee skills through professional qualifications, mentoring and technical upskilling, with a focus on practical, hands-on learning. This investment demonstrates our dedication to the continuous growth and improvement of our workforce.



### Giving back to worthy causes

We understand the importance of being a good neighbour. Our dedication to enhancing green spaces, supporting local communities and engaging with local organisations reflects our commitment to improving the quality of life and environment for the people we work alongside.

#### This year, we have:

- › Launched our volunteering programme encouraging employees to support community, skills, environmental and educational based projects.
- › Supported local priorities by collaborating with foodbanks, schools, NHS Trusts and other community groups, ensuring our contributions address specific regional needs.
- › Supported economic growth through job creation and procuring through local SME supply chain.



## VITAL HOLDINGS LIMITED

### Sharing Best Practice and Influential Partnerships

Through events like the District Heating Divas conference and site tours at Leeds PIPES, Queens Quay, Paddington Village and Duffryn Heat Network, we have provided key market insights into renewable energy integration and heat networks. At conferences such as UKREiF and Net Zero Projects Scotland, we have presented on the challenges and significant benefits of heat network zoning and decarbonisation. Additionally, our partnerships with organisations like The Christie NHS Foundation Trust and educational institutions demonstrate our commitment to creating long-lasting social value whilst driving sustainable energy solutions forward.

### Charitable Work

Vital Energi has been proud to contribute to various charitable causes. During the last year, we have:

- ▶ **Donated over £100k** to partner charities and community organisations, including The Christie, Macmillan Cancer Support and Alzheimer's Society.
- ▶ **Sponsored** and participated in charitable events, such as Northern Lights Community Football and International Men's & Women's Day celebrations, promoting awareness and fundraising for various important causes.

**MACMILLAN**  
CANCER SUPPORT



### LOOKING AHEAD IN 2025

In line with our **ESG strategy**, we are introducing a Social Value Framework which aims to embed social value into our service delivery. Our focus is on capturing and reporting data to ensure we meet our targets and continue to improve year on year. Throughout the 2024/25 financial year we aim to:

- ▶ Fully embed our social value strategy throughout our projects.
- ▶ Implement toolkits, metrics, and KPIs to measure our impact.
- ▶ Increase awareness and training for staff on social value.
- ▶ Double our STEM Ambassador network from the current 16.
- ▶ Increase the breadth of our community engagement programmes.

### Health & Wellbeing

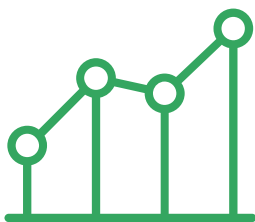
We placed a strong emphasis on the health and wellbeing of our employees, recognising that a healthy workforce is essential for a supportive and successful environment. We have developed our fair work practices, offering a comprehensive benefits package, including above Living Wage salaries, flexible working practices and family-friendly policies. These initiatives are designed to support our employees both in and out of the workplace.



VITAL HOLDINGS LIMITED

# Governance

Our skilled Board of Directors are focused on guiding our **continued strategic growth** and overseeing operations. Throughout 2023/24 we are proud to have:



### INTRODUCED PROGRAMMES

- Introduced an Emerging Leaders Programme and Future Leaders Board for junior members of our organisation to support in nurturing talent and drive innovation, demonstrating our commitment to developing leaders of the future for this industry.

### ENHANCED RISK MANAGEMENT

- Enhanced our robust risk management framework to identify, assess, and mitigate risks across our operations. This proactive approach ensures we are well prepared to navigate potential challenges and safeguard our business.



We also continued our work in other key areas, as detailed below:

## ETHICAL PRACTICES

We are committed to ethical business practices and social responsibility. We adhere to international standards and regulations, including the UN Global Compact and the Modern Slavery Act. Our supply chain is managed responsibly, ensuring ethical sourcing and fair labour practices.

## MONITORING OUR IMPACT

To measure and improve our social and environmental impact, we employ rigorous impact measurement methodologies. We are aligned with UN Sustainable Development Goals and are committed to reducing our carbon footprint and contributing to a sustainable future.

## INDUSTRY INNOVATION

We actively engage with key industry associations and bodies, such as Heat Trust, Department of Energy Security and Net Zero (DESNZ), ADE, Heat Network Industry Council (HeatNIC) and Remedy, to shape industry standards and policies. Our strategic partnerships with leading institutions and investors enable us to deliver innovative and sustainable energy solutions, details of which can be found in section 8 – Future Developments and Innovations.

Our **strategic partnerships** with leading institutions and investors enable us to deliver innovative and sustainable energy solutions

Through our engagement and collaboration in these forums we are helping to steer new government policies expected to come into place in 2025/2026 to create the right environment for growth in the heat decarbonisation market. Our input into these forums is so critical to ensure we share our 30 years + experience with the policy makers, so we have the right investable framework for the future.





VITAL HOLDINGS LIMITED

## Key risks and uncertainties

The energy market remains subject to significant volatility and uncertainty, influenced by a range of factors including geopolitical events, economic conditions and evolving regulatory frameworks.

Government policy, particularly in relation to energy and climate change, can significantly impact our group's business model and investment plans. However, we are actively engaged with policymakers to shape a supportive regulatory environment. Fluctuations in energy prices, interest rates and exchange rates can affect our group's financial performance and cash flows.

We mitigate risks through a comprehensive risk management framework, including regular risk assessments, contingency planning and financial discipline. We prioritise supplier and subcontractor relationships, cybersecurity and talent development to ensure business continuity. Additionally, we actively monitor geopolitical, economic and regulatory factors that may impact our operations.

We maintain a strong financial position, employ prudent financial management practices and diversify our revenue streams to mitigate financial risks. By proactively addressing these risks, we aim to safeguard our business and deliver long-term value to our shareholders.

Operational challenges, such as supply chain disruptions, project delays, or operational failures, can hinder our group's ability to deliver projects and meet customer expectations. To address these challenges, we have implemented robust project management processes, risk mitigation strategies and contingency plans.

Our group is also exposed to financial risks, including changes in credit ratings, increased borrowing costs and adverse economic conditions. However, our strong financial position and prudent financial management practices help mitigate these risks. Reputational risk, stemming from negative publicity, product recalls, or environmental incidents, is minimised through our strong focus on corporate social responsibility and ethical business practices.

Supply chain disruptions, particularly in relation to critical materials and components, could impact project delivery and increase costs. To mitigate this risk, we are actively diversifying our supply chain and building

strong relationships with suppliers. Cybersecurity threats are addressed through robust cybersecurity measures and regular security audits.

Attracting and retaining skilled talent is essential to our Group's success. We are committed to investing in employee development, offering competitive compensation packages and fostering a positive work environment to attract and retain top talent.

While the energy sector is inherently complex and subject to various risks, we are well-positioned to navigate these challenges through our experienced management team, robust risk management framework and strong financial position.



Attracting and retaining skilled talent is essential to our Group's success



VITAL HOLDINGS LIMITED

# Future developments and innovations

We continue to invest in the future by advancing our asset management strategies and further integrating Energy and Asset Management (EAM) across our operations. Through **targeted investment**, we are not only owning but also effectively managing our assets, ensuring long-term sustainability and operational excellence. This has been made possible through the adoption of innovative technologies and processes that optimise our energy solutions and secure a resilient future.

Our commitment to innovation is evident in our growing pipeline, which spans across key sectors such as transport, healthcare, industrial and education and covers both public and private sector clients. We have a forecast full year position of £285m based on current pipeline with over 80% secured for 2024/2025 in projects. Our ability to foster strong relationships with both new and existing clients, as well as Tier 1 building contractors, has strengthened our work pipeline.

Our focus on collaboration with stakeholders in major cities and institutions continues to support the development of heat networks and decarbonisation projects, aligning with growing market trends in solar, heat pumps and district heating technologies.

Key projects within our portfolio include the Solihull District Heating Network, which will deliver low-carbon heating to the town centre and major decarbonisation plans for institutions like Lancaster University and Royal Shrewsbury Hospital. Our long-term partnerships, such as those with PeelNRE and Ener-Vate on the Mersey Heat Network, are setting benchmarks in carbon reduction and infrastructure development, contributing to the net zero ambitions of cities and institutions alike.



As part of our strategic partnerships, we continue to strengthen our asset ownership model. This includes investment in key projects like the Hull MAGIC scheme and our partnership in the Yorkshire Energy Park, which are critical components of the UK's transition to net zero. These partnerships not only enhance our market position but also drive forward our long-term growth strategy by expanding our capabilities in owning and managing large-scale energy infrastructure.

## KEY STATS

£285m

2024/25 FORECAST

80%

PROJECTS SECURED





Key collaborations have seen us be successful on the **UK's first Advanced** Zoning Pilot scheme, the SWAN heat network, a £1bn low carbon heating infrastructure project in Westminster

Key collaborations have seen us become successful on the UK's first Advanced Zoning Pilot scheme, the South Westminster Area Network (SWAN) heat network, a £1bn low carbon heating infrastructure project in Westminster, which will be one of the UK's first advanced heat network zones.

Through collaborating with CVC/ DIF's UK investment vehicle, Cypress District Energy, we'll deliver this cutting-edge heat network to provide heat to iconic London buildings right in the heart of the capital – part of a growing effort to decarbonise urban heating and transform our energy infrastructure and support the creation of one of the UK's first 'heat network zones'.

Through our growing Independent Connection Provider (ICP) works, we are taking steps to diversify our offering further and become an Independent Distribution Network Operator (IDNO) so we can provide fully integrated decarbonisation solutions that can maximise efficiency whilst creating new and robust infrastructure in our journey to net zero.

Innovation remains a central pillar of our future growth. We are actively involved in pioneering projects that push the boundaries of energy storage, renewable technology, ensuring we remain at the forefront of the energy transition.

We are currently working with Lancaster University to deliver the Lancaster University Net Zero Infrastructure Project (LUNZIP) and associated solar farm. LUNZIP is a sector-leading project, pioneering the use of a two-stage air and water heat pump system, a novel technology that has not been previously deployed in the UK. This has been developed with our in-house specialist heat pump team.

The electrification of the University's campus, alongside the new photovoltaic array and existing wind turbine is an innovative mix of technologies that will set an example across the UK for others to follow in their journey towards net zero. The energy centre will also function as a "living lab", providing a unique environment where students, researchers and industry professionals can collaborate on cutting-edge projects, test innovative

technologies and monitor performance in real time.

In other areas, our work on thermal storage solutions, developed in partnership with leading research institutions, exemplifies our commitment to intellectual property development and fostering a culture of innovation within our organisation.

An example of this is our collaboration with University of Birmingham to develop and commercialise a range of innovative thermal storage solutions, which will help accelerate decarbonisation within the heating and cooling sector.

We are installing a low carbon heat pump at our head office in Blackburn. This will be based on a first of a kind unit developed in house which integrates a heat pump with advanced high temperature thermal storage. This project is part funded by DESNZ's Heat Pump Ready programme and will be operational in Q2 next year after which we will be including similar units in suitable projects.

Through these initiatives, we continue to set the pace for the decarbonisation of heat and energy in the UK.



VITAL HOLDINGS LIMITED

# Section 172(1) statement

**“Protecting our planet for future generations”** underpins every action, interaction, or business decision we take. We are committed to acting in a way that promotes the long-term success of the company for the benefit of all stakeholders, while upholding our core purpose. This statement outlines how we consider the factors set out in Section 172 of the Companies Act 2006 when making decisions.

## STAKEHOLDER CONSIDERATIONS

### EMPLOYEES:

Our culture is extremely important to us, so we work hard to ensure that all employees feel equally valued as part of a company that embraces diversity and inclusion, which genuinely wants them to thrive. We always value their opinions, inviting frequent employee engagement, whilst offering various benefits to promote well-being.

We also offer extensive training and development opportunities to enhance our inhouse skills, enabling employees to fulfil their career ambitions, progressing within our group, equipping them with the skills needed to succeed in a sustainable energy future.

### CUSTOMERS:

We strive to deliver exceptional service, value for money and innovative solutions that meet evolving customer needs and contribute to their sustainability goals. We aim to become a sustainability partner to our customers, acting as their go-to company for end-to-end energy solutions, from generation to consumption.

### SUPPLIERS:

We maintain and nurture strong relationships with all suppliers, recognising that our environmental responsibilities start with our supply

chain. We therefore actively seek to work with those who share our commitment to sustainable practices and ethical sourcing. We also commit to ensuring fair and timely payment, demonstrated in our Payment Practice Report.

### COMMUNITY:

We frequently actively engage with local and wider communities through various initiatives. Our well-established and comprehensive Climate Education programme seeks to enhance both primary and secondary curriculums, educating young people about climate change, carbon reduction strategies and the difference they can make. We also discuss renewable energy careers, growing future talent. Employee volunteering days and other community investments ensure that we ‘give back’ to communities wherever possible.

### INVESTORS:

We provide clear and timely information to ensure alignment with shareholder interests. We are committed to fostering a culture of transparency and open communication, providing regular updates on our performance, strategy and sustainability initiatives. We believe that informed shareholders are empowered shareholders and we are dedicated to building strong, long-term relationships with our investors.



## LONG-TERM CONSEQUENCES

As a developer and asset owner of renewable energy generation, storage and infrastructure, all decisions are carefully evaluated against their long-term impact as we aim to establish new ways to achieve the UK’s net zero pathway. Long-term consequences are considered in the context of:

### SUSTAINABILITY:

We inherently prioritise investments and operations that promote energy efficiency, renewable energy sources, and a reduced carbon footprint.

### FINANCIAL STABILITY:

We consistently manage and mitigate against risk effectively to ensure long-term financial viability and liquidity, enabling investment in sustainability initiatives.

### INNOVATION:

We continually invest in technology and intellectual property development to offer pioneering solutions that contribute towards a low-carbon future.

### MARKET TRENDS:

We stay ahead of the curve by anticipating and adapting to changing market dynamics in the energy sector.





VITAL HOLDINGS LIMITED



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our commitment to Corporate Social Responsibility is deeply ingrained in our practices. We actively engage with our communities, employees, supply chain, to create lasting benefits.

### EDUCATION AND SKILLS DEVELOPMENT:

We inspire future generations through our Climate Education programme, which has reached over 20,000 since its inception and offer apprenticeship schemes and training opportunities at various levels, with a view to recruiting, retaining and nurturing talent.

### COMMUNITY INVESTMENT:

We support local and wider communities through initiatives such as sponsoring children's sports teams, supporting a community centre and donating solar panels. For example, a recent project with Islington Council involved over £15,000 in investments.

### EMPLOYEE ENGAGEMENT:

We encourage employee-led charitable efforts, such as raising over £45,000 for our various charities and supporting other causes year-round. Employees are given two days per year for volunteering, alongside project-related social value initiatives.

### SUSTAINABLE PRACTICES:

We prioritise working with local suppliers and invest in renewable energy solutions to reduce our environmental impact.

## CONCLUSION

By integrating responsible business practices with our core business activities, we are well-positioned for **long-term success** while contributing to a more sustainable and equitable future. We believe this approach aligns with the objectives of Section 172(1) and creates lasting value for all stakeholders.



VITAL HOLDINGS LIMITED



# Streamlined Energy Carbon Report (SECR)

## Introduction and Purpose of Report

This report fulfils the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations by summarising Vital Holdings Limited's energy consumption, carbon emissions, energy efficiency initiatives, and overall performance.

Prepared for inclusion in the annual Directors' Report under Section 145A of the Companies Act 2006, it also includes data from Vital Energi's certified Energy Management System (EnMS), demonstrating our commitment to continuous energy management improvement. The primary purpose of this report is to provide a comprehensive overview of our energy usage and carbon emissions, highlight energy efficiency actions undertaken, and showcase our energy performance.

## Company Information

Vital Holdings Limited ("Vital Energi"), the parent company of Vital Energi Utilities Ltd ("VEUL") and Vital Energi Solutions Ltd ("VESL"), operates in the energy sector, providing low-carbon and renewable energy solutions across various markets, including healthcare, education, public sector and industrial, commercial and residential sectors.

The report focuses on the energy usage and associated carbon emissions of these two entities. Other entities within Vital Energi are not included in the scope of this report, either because their energy consumption is not directly controlled by Vital Energi or because they do not meet the SECR requirements independently and have therefore been excluded.

VEUL's core activities involve the design, installation and maintenance of energy centres, district heating networks (through VEUL's District Heating division), and associated

infrastructure. VESL complements these services by designing decarbonisation strategies for clients and implementing energy-efficient upgrades. Together, these entities contribute to reducing carbon emissions through renewable energy projects and sustainable infrastructure.

The company is headquartered in Blackburn, with regional offices located in London, Glasgow, Hereford and Drakelow, an energy from waste (EfW) plant being delivered by VEUL on behalf of Vital Energi Generation Ltd, which is now in the operational phase.

As of 30 June 2024, the combined headcount for these entities stood at 741 employees. Staff members are based across office locations and project sites, where they work on various energy projects, including district heating networks, energy centre installations, and system upgrades. The geographical spread allows Vital Energi to deliver projects efficiently across the UK.

## Methodology for Reporting

This report covers the financial year from July 2023 to June 2024, using data on electricity, gas, fleet vehicles, and construction site fuel consumption for VEUL and VESL. Emissions are calculated according to the Greenhouse Gas Protocol and classified as follows:

- **Scope 1:** Direct emissions from gas and fuel used in company buildings, vehicles and on construction sites.
- **Scope 2:** Indirect emissions from purchased electricity for company offices and operational facilities.
- **Scope 3:** Indirect emissions from grey fleet business mileage.

Emissions are presented using an intensity ratio of tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) per employee, with conversion factors sourced from the UK government's 2024 DEFRA guidelines<sup>1</sup>.

## Reporting Boundary

For this report our reporting boundary currently includes:

- Gas consumption by VEUL and VESL in their head office facility, Century House, Blackburn (Scope 1).
- Electricity consumption by VEUL and VESL in their combined office facilities based in their head office facility, Century House, Blackburn, and in the regional offices located in London, Glasgow and Hereford and Drakelow (Scope 2).
- Fuel used in company vehicles (Scope 1) and business mileage incurred by



## VITAL HOLDINGS LIMITED

grey fleet vehicles (Scope 3).

- Fuel used on project sites to run generators when mains electricity is unavailable (Scope 1).

A full energy breakdown and analysis is provided in Appendix 1.

### Analysis of Findings

During the 2023/24 financial year, Vital Energi achieved a reduction in total energy consumption of 112,300 kWh, which led to a corresponding decrease in carbon emissions of 220 tCO<sub>2</sub>e. Additionally, headcount increased by 111 direct employees by the end of the financial year, resulting in a 27.36% reduction in our intensity ratio.

Vital Energi remains committed to continuous improvements in reducing our carbon footprint. Whilst these efforts are detailed throughout this report, it is important to note that the impact may not always be linear on a year-by-year basis. Factors such as headcount growth, as seen in recent years, may cause fluctuations, including periods of stability or temporary increases in emissions. In addition to year-on-year comparisons, we are focused on tracking our longer-term trajectory to ensure a sustained downward trend, keeping us on target for net zero by 2035.

### FACILITIES MANAGEMENT

#### Gas Consumption

During the period we saw a reduction in gas consumption in our offices of 12%. Whilst this can partially be explained by the relatively mild winter season in 2023/24, it is also attributable to the introduction of building controls. This fall is also against a backdrop of an increase in headcount, leading to a 25.41% decrease in the intensity ratio, which for 2023/24 stands at 0.117 t CO<sub>2</sub>e / employee.

#### Electricity Consumption

During the period electricity consumption increased by 28.5%, primarily due to new office spaces at Hereford and Drakelow.

Electricity supplies to our Head office, London and Glasgow offices are on 100% renewable tariffs.

#### FLEET MANAGEMENT

During FY23/24, the size of Vital's fleet increased by 7.3% on FY22/23. Fleet emissions increased by 12.5% or 98.90 tCO<sub>2</sub>e.

However, when considering the increase in headcount and the increase in the number of vehicles added to the fleet, the overall intensity ratio for the fleet decreased by 4.31%. This is due to the continued efforts to electrify the company car fleet.

#### CONSTRUCTION SITE FUEL CONSUMPTION

Vital Energi's final area of reportable energy usage relates to VEUL and VESL project sites use of diesel to power onsite generators. The 2023/24 consumption of diesel on sites has decreased significantly when compared to the 2022/23 figures, falling by -57.5% in terms of consumption, which is equivalent to a decrease of 343 tCO<sub>2</sub>e in carbon emissions. This is primarily due to the Drakelow EfW moving from construction through commissioning and now to the operational phase, and the corresponding demobilisation of mobile plant from the site.

### Energy Efficiency Actions

We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

Vital Energi has committed to Net Zero by 2035 and we publish an annual Carbon Reduction Plan on our website. In addition to our long-term net zero target, Vital Energi has also committed to reducing its Scope 1 & 2 emissions by 50% from 2020 levels by 2030 without using offsets.

#### ENERGY EFFICIENCY MEASURES TAKEN IN 2023/24

Throughout the 2023/24 financial year, Vital Energi implemented the following initiatives to enhance energy efficiency and reduce carbon emissions:

- **Energy Management Procedures:** established Energy Monitoring and Review Procedures to track and optimise energy usage across operations.
- **Environmental and Energy Audits:** conducted an audit programme to identify and address efficiency opportunities.
- **Employee Resources and Training:** provided site teams with Environmental & Energy Toolbox Talks (TBTs) and additional resources to promote energy-saving practices.
- **Renewable Energy Tariff:** confirmed that our two largest offices outside our Blackburn HQ (Glasgow and London) were on zero-carbon energy tariffs.
- **ESOS Phase 3 Assessment:** completed an ESOS assessment to identify recommendations for reducing office and site energy consumption, forming the basis for future improvements.
- **Building Fabric Upgrades:** carried out upgrades to the building fabric at our headquarters, including window repairs to enhance energy efficiency.



PROPOSED ACTIONS FOR 2024/25

- Vital Energi plans to prioritise the following measures to enhance sustainability and reduce carbon emissions in this financial year:
- **ESG Framework and KPIs:** we will continue to develop a comprehensive ESG Framework aligned with the GRI Standards, incorporating Environmental and Energy KPIs that directly support SECR and Carbon Reduction Plan (CRP) targets.
  - **Site Set-up Standards:** we will develop a business case to explore the use of cleaner fuels on site, such as biofuels and renewable energy sources (e.g. solar-powered generators or hybrid generators with battery storage), alongside deploying eco-cabins on project sites.
  - **Employee Engagement and Awareness:** we will increase our focus on Environmental and Energy campaigns, including our annual Get Green Week, to engage employees in reducing their environmental impact. We will also step up supplier engagement on carbon reduction.
  - **Heat Pump Installation:** we intend to install a heat pump solution at our headquarters to eliminate our reliance on fossil fuels and further reduce our Scope 1 emissions.
  - **Whole-Life Carbon Assessments:** we will utilise OneClickLCA to conduct whole-life carbon assessments on projects, helping to quantify and reduce the total carbon impact (including embodied carbon) of our infrastructure.
  - **ESOS Phase 3 Action Plan:** based on the Phase 3 assessment, we will create an action plan to implement recommended energy efficiency improvements.

ON BEHALF OF THE BOARD

Mr G J Fielding, Chairman

VITAL HOLDINGS LIMITED



Breakdown of Vital Holdings Energy Use

Summary of Total Energy Consumption for Financial Year 2023/2024

JULY 2023 TO JUNE 2024	FIGURE	UNIT
Total emissions covering gas, electricity, and transport	1,038.18	tCO <sub>2</sub> e
Combustion of gas emissions	86.49	tCO <sub>2</sub> e
Purchased electricity emissions	64.65	tCO <sub>2</sub> e
Vehicle fleet emissions	887.04	tCO <sub>2</sub> e
Site fuel emissions	243.46	tCO <sub>2</sub> e
Intensity ratio (total consumption)	1.743	tCO <sub>2</sub> e per employee

BUSINESS USE	Electricity (kWh)	Gas (kWh)	Transport (kWh)	Total (kWh)
Vital Energi Utilities Limited	1,059,917.40	472,779.75	0.00	1,532,697.15
Transport Fleet	0.00	0.00	3,521,056.07	3,521,056.07
Site Fuel	0.00	0.00	990,300.64	990,300.64
TOTAL	1,059,917.40	472,779.75	4,511.356.70	6,044,053.86

Year-on-Year Comparison Data

ENERGY USE	Current reporting period July 22-June 23 <small>(Financial year-end employee headcount = 630)</small>			Current reporting period July 23-June 24 <small>(Financial year-end employee headcount = 741)</small>			IR Change (%)
	kWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e/employee	kWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e/employee	
Total emissions from gas	537,567.76	98.57	0.156	472,779.75	86.49	0.117	- 25.46% ↓
Total emissions from electricity	824,387.86	27.74	0.044	1,059,917.40	64.65	0.087	98.16% ↑
Total emissions from fleet vehicles	2,459,366.72	788.14	1.251	3,521,056.07	887.04*	1.197	- 4.31% ↓
Total emissions from site fuels	2,335,031.24	597.02	0.948	990,300.64	253.20	0.342	- 63.94% ↓
TOTAL ENERGY USE	6,156,353.58	1,511.47	2.39	6,044,053.86	1,291.38	1.743	- 27.36% ↓

\* Fleet Vehicles split out for 23-24 are as follows

21%

Car Fleet 183.65 tCO<sub>2</sub>e

54%

Van Fleet 477.17 tCO<sub>2</sub>e

25%

Grey Fleet 226.22 tCO<sub>2</sub>e

4 February 2025

Date



# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2024

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The directors present their annual report and financial statements for the year ended 30 June 2024.

#### Principal activities

The principal activity of the Company and Group is disclosed in the Group's strategic report.

#### Results and dividends

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

No ordinary dividends were paid (2023: £nil). The directors do not recommend payment of a further dividend.

#### Directors

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

Mr G J Fielding  
Mr I M Whitelock  
Mr N Gosling  
Mr G Le Sueur  
Mrs S A Fielding  
Ms C Parker

(Resigned 13 January 2025)

#### Qualifying third party indemnity provisions

The Group and Company have made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Research and development

The Group and Company are a leading innovator in efficient energy provision and a catalyst for the development of new and sustainable ways of supplying the heat and power the UK needs while at the same time contributing towards the government's published emission reduction targets and net zero strategy. The Group incurred research and development expenditure of £837,000 (2023: £526,000).

As such the Group and Company are engaged in continuous research and development activities across numerous projects including the design and development of a technologically advanced energy from waste power plant.

#### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Employee involvement

The Group and Company's policy is to consult and discuss with employees at meetings matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

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#### Post reporting date events

Subsequent to the year end, on 23 October 2024, Vital Energi Utilities Limited sold 100% of the share capital of Biomass Power Kochi Limited to a director of that company.

After the balance sheet date Vital Energi Utilities Limited committed to providing a loan facility up to the value of £7m to a connected company Chiltern Vital Berkeley Holdings Ltd. Total advances up to the date of the approval of the financial statements are £4.9m.

On 17 December 2024 Vital Holdings Limited allotted 707,928 B Ordinary share capital each with a nominal value of £0.01. On 19 December 2024 Vital Holdings Limited allotted 10,000,000 of preferred share capital each with a nominal value of £1.

#### Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Matters of strategic importance

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. This applies to S172 statement, carbon reporting and future developments.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

#### Financial risk management objectives and policies

The Group and Company finance operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings or leasing arrangements.

The management objectives are to:

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the Group's and the Company's exposure to fluctuating interest rates when seeking borrowing; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Group and Company's trading activities.

Where appropriate, funds are invested in sterling bank deposit accounts and borrowings are all obtained from standard bank loan accounts. As such, there is little price risk exposure.

Where appropriate, funds are held primarily in short-term variable rate deposit accounts. The directors believe that this gives them flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

#### Acquisition of certain trade and assets

On 16 May 2024, a group company, Vital Energi (Bilsthorpe) Limited, acquired certain trade and business assets of RDF Energy No.1 Limited for a consideration of £1,067,000. Details of the acquired trade and assets are disclosed in note 18 of the financial statements.



**VITAL HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2024**

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On behalf of the board



.....  
Mr G J Fielding  
**Director**

04/02/25  
Date: .....

# **VITAL HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 30 JUNE 2024**

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The directors are responsible for preparing the Strategic Report and the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED

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## Opinion

We have audited the financial statements of Vital Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the consolidated income statement, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent 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.

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and parent Company operates in and how the Group and parent Company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and performed procedures including a review of board minutes and performed a search for notices published by the Health and Safety Executive.

The group audit engagement team identified the risk of management override of controls and judgments and estimates made in the valuation, existence and cut off of amounts recoverable on contracts, work in progress and amounts recognised in revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- challenging judgments and estimates applied in the valuation of amounts recoverable on contracts and amounts recognised in revenue by reviewing contract meeting minutes; reviewing post year end performance; and comparing outturn of projects with estimates made in preparing the previous year's financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*Michael Oates*

Michael Oates CA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Bluebell House

Brian Johnson Way

Preston

Lancashire, PR2 5PE

05/02/25.....

# VITAL HOLDINGS LIMITED

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 £'000	2023 £'000
<b>Turnover</b>	<b>4</b>	248,261	224,444
Cost of sales		(209,794)	(193,212)
<b>Gross profit</b>		38,467	31,232
<i>Analysis of administrative expenses:</i>			
Administrative expenses - non-exceptional		(24,506)	(20,610)
Administrative expenses - exceptional items	<b>5</b>	(460)	(427)
Share-based payment charge	<b>8</b>	(642)	(648)
Administrative expenses		(25,608)	(21,685)
Other operating income		665	1,164
<b>Operating profit</b>	<b>9</b>	13,524	10,711
Interest receivable and similar income	<b>11</b>	2,481	623
Interest payable and similar expenses	<b>12</b>	(7,775)	(6,498)
<b>Profit before taxation</b>		8,230	4,836
Tax on profit	<b>13</b>	(2,214)	(1,654)
<b>Profit for the financial year</b>		6,016	3,182
Profit for the financial year is attributable to:			
- Owners of the parent Company		7,784	5,861
- Non-controlling interests		(1,768)	(2,679)
		6,016	3,182
Total comprehensive income for the year is attributable to:			
- Owners of the parent Company		7,784	5,861
- Non-controlling interests		(1,768)	(2,679)
		6,016	3,182

**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2024**

		2024		2023 as restated	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Goodwill	14		255		277
Other intangible assets	14		5,992		5,354
Total intangible assets			6,247		5,631
Tangible assets	15		110,654		99,219
Investments	16		5,445		4,545
			122,346		109,395
<b>Current assets</b>					
Stocks	20	10,882		8,961	
Debtors falling due after more than one year	21	4,945		6,014	
Debtors falling due within one year	21	78,270		75,076	
Cash at bank and in hand	22	61,841		63,386	
			155,938		153,437
<b>Creditors: amounts falling due within one year</b>	23	(148,019)		(139,813)	
<b>Net current assets</b>			7,919		13,624
<b>Total assets less current liabilities</b>			130,265		123,019
<b>Creditors: amounts falling due after more than one year</b>	24		(81,791)		(81,715)
<b>Provisions for liabilities</b>	27		(890)		(378)
<b>Net assets</b>			47,584		40,926
<b>Capital and reserves</b>					
Called up share capital	29		233		233
Merger reserve	31		(233)		(233)
Share-based payment reserve	31		1,621		979
Own shares	31		(2,664)		(2,664)
Profit and loss reserves	31		54,432		46,648
<b>Equity attributable to owners of the parent Company</b>			53,389		44,963
<b>Non-controlling interests</b>			(5,805)		(4,037)
			47,584		40,926

VITAL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 30 JUNE 2024

The financial statements were approved by the board of directors and authorised for issue on 04/02/25 and are signed on its behalf by:

  
.....  
Mr G J Fielding  
Director



**VITAL HOLDINGS LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2024**

	Notes	2024 £'000	£'000	2023 £'000	£'000
<b>Fixed assets</b>					
Intangible assets	14		20		26
Investments	16		12,101		11,459
			<u>12,121</u>		<u>11,485</u>
<b>Current assets</b>					
Debtors falling due after more than one year	21	42,819		38,113	
Debtors falling due within one year	21	63		58	
Cash at bank and in hand		176		302	
		<u>43,058</u>		<u>38,473</u>	
<b>Creditors: amounts falling due within one year</b>	23	(57)		(55)	
<b>Net current assets</b>			<u>43,001</u>		<u>38,418</u>
<b>Total assets less current liabilities</b>			<u>55,122</u>		<u>49,903</u>
<b>Creditors: amounts falling due after more than one year</b>	24		(46,027)		(41,286)
<b>Net assets</b>			<u>9,095</u>		<u>8,617</u>
<b>Capital and reserves</b>					
Called up share capital	29		233		233
Merger reserve	31		10,247		10,247
Share-based payment reserve	31		1,621		979
Own shares	31		(2,664)		(2,660)
Profit and loss reserves	31		(342)		(182)
<b>Total equity</b>			<u>9,095</u>		<u>8,617</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £164,000 (2023: £27,000 loss).

The financial statements were approved by the board of directors and authorised for issue on 04/02/25 and are signed on its behalf by:



Mr G J Fielding  
Director

VITAL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	MergerShare-based Own shares	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2022	233	(233)	331	(1,055)	40,063	38,705
Year ended 30 June 2023:						
Profit and total comprehensive income for the year	-	-	-	-	5,861	3,182
Own shares acquired	-	-	-	(1,609)	(1,609)	(1,609)
Share-based payment reserve	-	-	648	-	648	648
Other movements	-	-	-	-	-	-
Balance at 30 June 2023	233	(233)	979	(2,664)	44,963	40,926
Year ended 30 June 2024:						
Profit and total comprehensive income for the year	-	-	-	-	7,784	6,016
Share-based payment reserve	-	-	642	-	642	642
Balance at 30 June 2024	233	(233)	1,621	(2,664)	53,389	47,584

VITAL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Merger reserve	Share-based payment reserve	Own shares	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2022	233	10,247	331	(1,051)	(155)	9,605
Year ended 30 June 2023:						
Loss and total comprehensive income for the year	-	-	-	-	(27)	(27)
Own shares acquired	-	-	-	(1,609)	-	(1,609)
Share-based payment reserve	-	-	648	-	-	648
Other movements	-	-	-	-	-	-
31						
Balance at 30 June 2023	233	10,247	979	(2,660)	(182)	8,617
Year ended 30 June 2024:						
Loss and total comprehensive income for the year	-	-	-	-	(164)	(164)
Share-based payment reserve	-	-	642	-	-	642
Other movements	-	-	-	(4)	4	-
31						
Balance at 30 June 2024	233	10,247	1,621	(2,664)	(342)	9,095

# VITAL HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

		2024	2023
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	22,481	34,017
Interest paid		(132)	(133)
Income taxes paid		(2,941)	(1,200)
<b>Net cash inflow from operating activities</b>		19,408	32,684
<b>Investing activities</b>			
Purchase of intangible fixed assets		(293)	(240)
Other movement on intangible assets		-	6
Purchase of tangible fixed assets		(12,297)	(22,036)
Proceeds on disposal of tangible fixed assets		-	2
Issue of loans		(3,545)	(1,240)
Repayment of loans		40	-
Other movements on unlisted investments		(500)	4
Interest received		2,122	644
<b>Net cash used in investing activities</b>		(14,473)	(22,860)
<b>Financing activities</b>			
Purchase of own shares		-	(1,609)
Net proceeds from debentures		-	4,508
Repayment of debentures		(6,128)	-
Repayment of hire purchase		(352)	(300)
Repayment of bank loans		-	3,239
Proceeds from government grants		-	8,840
<b>Net cash (used in)/generated from financing activities</b>		(6,480)	14,678
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,545)	24,502
Cash and cash equivalents at beginning of year		63,386	38,884
<b>Cash and cash equivalents at end of year</b>		61,841	63,386

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

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#### 1 Accounting policies

##### Company information

Vital Holdings Limited ("the Company") is a private Company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The Group consists of Vital Holdings Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are disclosed in the Strategic Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis;

- Section 7 'Statement of Cash Flows'- Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

##### Basis of consolidation

The consolidated financial statements incorporate those of Vital Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group Companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Total comprehensive income and other movements on reserves are split between owners of the parent Company and non-controlling interests according to the interest held. Non-controlling interests are recorded separately from equity attributable to owners of the parent Company on the consolidated balance sheet.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

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### 1 Accounting policies (Continued)

#### Going concern

The directors have assessed the Group's and Company's ability to continue as a going concern, taking into account the financial forecasts for the years ending June 2025 and June 2026. These forecasts indicate positive sales, profitability, and cash flow, supported by a robust order book and a pipeline of potential projects.

While the global economic environment continues to present challenges, including inflationary pressures and project delays, the Group has benefited from the Public Sector Decarbonisation Scheme and a broader industry focus on decarbonisation.

The directors have carefully considered the Group's liquidity position, borrowing facilities, and the future trading of the main trading subsidiary, Vital Energi Utilities Limited. Based on this assessment, the directors believe that the Group and Company have sufficient resources to meet their obligations as they fall due for at least the next twelve months.

The Company incurred a loss for the year of £164,000, however this is mitigated by the ongoing financial support from Vital Energi Utilities Limited, as evidenced by a letter of support. Further details regarding Vital Energi Utilities Limited's going concern assessment can be found in its financial statements, available at Century House, Roman Road, Blackburn, Lancashire, BB12LD.

In conclusion, the directors consider it appropriate to prepare the Group and Company financial statements on a going concern basis.

#### Turnover

The turnover shown in the profit and loss account represents the value of all goods and services provided during the year, at selling price exclusive of Value Added Tax. Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

Turnover from ongoing maintenance and project management services is recognised as the service is provided.

In the case of other revenue, turnover is recognised at the point at which the Company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer, which is usually on dispatch of the goods.

For construction contracts, turnover represents the value of work done in the year and is determined by reference to the stage of completion of each contract.

**Waste Acceptance Fees:** Revenue from waste acceptance fees is recognised upon receipt of the waste at the plant, provided the terms of the contract are met and the customer has an unconditional right to receive the services.

**Energy Production:** Revenue from energy production is recognised as the electricity is generated and sold to the grid. The fair value of the electricity sold is determined based on market prices and contractual terms.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

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### 1 Accounting policies (Continued)

#### Construction contracts

Profit on construction contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Revenue derived from the variations on contracts is only recognised when they have been accepted by the customer.

Full provision is made for losses on all contracts in the year in which they are foreseen.

Amounts recoverable on contracts are amounts not yet invoiced for which work has been completed but not yet certified. Payments received on account are payments received in advance of the work being undertaken.

#### Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised if all the following criteria are met:

- The technical feasibility;
- Intention to complete the development of the intangible asset;
- Ability to use or sell the intangible asset;
- Demonstrate that the intangible asset will generate probable future economic benefits;
- The availability of resources to complete the development; and
- Ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### Intangible fixed assets - goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life which is the period that it is expected to provide economic benefit to the group, in this case of 20 years.

Provision is made for any impairment in its value. The useful economic life is the expected period over which the Company expects to derive an economic benefit, and is reviewed on an annual basis.

In addition, an impairment review is also performed where there are indicators that goodwill has been impaired, such as income or profits deriving from the acquired business which gave rise to goodwill being below original expectations.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangibles consist of accreditation costs which are stated at cost less amortisation. Cost represents purchase price together with any incidental costs of acquisition.

Internally generated intangibles are stated at cost less amortisation. Cost represents the cost incurred by the group to develop the asset.

**VITAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2024**

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**1 Accounting policies (Continued)**

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Development costs	5% - 33% straight line
Other intangibles	40% straight line
Lease premium	30 years straight line once in operation

No amortisation has been charged in the year on the lease premium as the associated asset remains under construction as set out in the financial statements of the Company's subsidiary, Vital Energi (Drakelow) Limited.

**Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost represent purchase price together with any incidental costs of acquisition.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land	not depreciated
Plant and machinery	5% - 25% straight line
Fixtures, fittings and equipment	10% - 33% straight line
Computer equipment	25% - 33% straight line

Assets under the course of construction are depreciated when completed and ready for use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**Fixed asset investments**

In the separate accounts of the Company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

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### 1 Accounting policies (Continued)

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 June. For certain undertakings the Group has shareholding above 20% and whilst this ordinarily would presume the Group has significant influence, it can be clearly demonstrated that this is not the case due to limited board representation and de facto minimal control over day-to-day operations. Such undertakings are recognised as unlisted investments and are recognised at cost less impairment.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the Group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the Group.

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the Group has an obligation or has made payments on behalf of the associate.

#### Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### Stocks

Work in progress and finished goods and goods for resale are stated at the lower of cost and realisable value less costs to complete. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the work in progress to its present condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

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### 1 Accounting policies (Continued)

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Captive insurance scheme**

The Group self-insures potential insurance claims through a captive insurance scheme. It has invested in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell Company and has de facto control of the assets and liabilities of the cell. The Group accounts for the cell as an intermediate payment arrangement, recording the assets and liabilities, expenses and any investment income of its cell as its own, and payments made into the scheme are eliminated.

#### **Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

#### **Unlisted investments**

Unlisted investments over which the Company has no significant influence, joint control or control are initially measured at transaction price. Transaction price includes transaction costs, except where investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Unlisted investments are subsequently measured at fair value through profit or loss, or cost less impairment if fair value cannot be measured reliably.

#### **Impairment of financial assets**

Financial assets, 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, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

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### 1 Accounting policies (Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, amounts owed to contract customers, debenture loans, other borrowings, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

#### **Equity instruments**

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year. The assets of the scheme are held separately from those of the Group in an independently administered fund.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 1 Accounting policies (Continued)

#### Share-based payments

The Group grants share options ("equity-settled share based payments") over the shares of the Company to certain employees.

The Company recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. The allocation is based on the number of employees benefiting from the share based payment plans employed by each Group entity.

Equity-settled share based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity in the form of a capital contribution.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payments. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Government grants

Government grants are recognised on the accruals basis. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the current and prior year relates to the government's Heat Networks Investment Project (HNIP). This is included in other income in the financial statements.

The grant specified performance conditions and was recognised in income when the performance conditions were met, which is the month in which the employees were paid or in respect of HNIP, the grant income was recognised in the income statement as costs were incurred. A grant received before the recognition criteria was satisfied was recognised as a liability and was held within accruals and deferred income.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

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### 1 Accounting policies (Continued)

#### **Employee benefit trusts**

The Group has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the Group retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the Group until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the Group on the basis of employees' past services to the business and the Group can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the Group are charged to the profit and loss account in the period to which they relate.

#### **Exceptional costs**

Exceptional costs are items which derive from events or transactions that fall within the ordinary activities of the Group and which individually, or, if of a similar type, in aggregate, that the directors' believe should be disclosed separately due to being one-off in nature.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

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### 2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements.

#### **Share options**

The Black Scholes option pricing model is used to determine the fair value of options granted. A number of estimates and assumptions are used in the model including a risk free interest rate, a dividend yield and volatility in order to determine the weighted average value of the options included. Details of the share options are given in note 8.

#### **Investments and other debtors**

The directors have evaluated the carrying value of investments and other debtors at the end of the period for potential impairment indicators, as mandated by FRS102. Based on this assessment, they have determined that an impairment test is not necessary as at 30 June 2024. Vital Energi Group's strategic shift from a predominantly "Design and Build" approach to an "Energy Asset Owner" model involves securing long-term energy supply contracts (typically 25-40 years). While initially capital-intensive, this strategy enhances profitability predictability, mitigates market volatility, and increases overall group value.

The Company's investments, whether in equity or loans, support this strategic direction. The ultimate goal is to become the long-term energy supplier for each project involved. While there may be additional benefits from equity stakes, the primary focus remains on energy supply.

Despite the longer-term nature of some projects, current progress is deemed sufficient to justify the carrying value on the balance sheet. The directors conduct monthly reviews of all investments and loans, actively participating in the projects and often serving on relevant subsidiary boards.

Based on these ongoing assessments, the directors believe that the investments and loans do not require any impairment provisions at this time.

#### **Construction contracts**

In producing the financial statements, the directors have taken judgements over the profit to be taken on Construction contracts. Profit is taken as the work is carried out where the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion by the year end which can sometimes differ to the assessments of external Quantity Surveyors. Full provision is made for losses on all contracts in the year in which they are foreseen.

#### **Revenue recognition**

The Group reviews the nature of its contracts to assess whether they are acting as a Principal or an Agent in the transaction. Where the Group concludes that they do not bear any price, inventory or credit risk in the transaction, the agreed fixed fees are recognised as Revenue (rather than the gross amounts transacted).

#### **Fixed asset impairment**

In producing the financial statements the directors have estimated the recoverable amount of a material item of plant and machinery and have satisfied themselves that no impairment of the asset exists.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Fair value of unlisted investments

The directors believe that the fair value of unlisted investments cannot be measured reliably. All unlisted investments are therefore measured at cost less impairment.

#### Other borrowings

A loan of £7,155,000 was received during the period ended 30 June 2022. The loan attracts an interest rate of 0.01%. Having considered Section 11 of FRS 102, the Directors have assessed this as a financing transaction and as such have measured the liability at the present value of the future payments discounted at a market rate of interest which was determined to be 5%, taking into account the rates on the funding currently utilised by the Company and the rates available on Government bonds.

### 3 Prior period adjustment

During the preparation of the financial statements, the Directors identified £8,184,229 of debit balances in the prior period, representing recoverable contract costs which had historically been presented within Accruals & Deferred Income. In the current year, recoverable contract assets have been presented within Prepayments & Accrued Income in accordance with the requirements of Section 23 of FRS 102. Consequently, the prior period financial statements have been restated to gross up assets and liabilities by £8,184,229. The restatement has no impact on the previously reported result for the year ended 30 June 2023 or on net assets and net current assets as at 30 June 2023. A reconciliation of line items impacted by the restatement is set out below:

#### Changes to the statement of financial position - group

	As previously reported £'000	Adjustment £'000	As restated at 30 Jun 2023 £'000
<b>Current assets</b>			
Prepayments and accrued income	2,380	8,184	10,564
<b>Creditors due within one year</b>			
Accruals and deferred income	(92,119)	(8,184)	(100,303)
Net assets	40,926	-	40,926
	=====	=====	=====
<b>Capital and reserves</b>			
Total equity	40,926	-	40,926
	=====	=====	=====

### 4 Turnover and other income

An analysis of the Group's turnover is as follows:

	2024 £'000	2023 £'000
<b>Turnover analysed by class of business</b>		
Energy generation and distribution schemes	248,261	224,444
	=====	=====
	2024 £'000	2023 £'000
<b>Other operating income and interest income</b>		
Interest income	2,481	623
Grants received	169	771
RDEC	496	393
	=====	=====

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 4 Turnover and other income (Continued)

	2024 £'000	2023 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	248,261	224,444

### 5 Exceptional item

	2024 £'000	2023 £'000
<b>Expenditure</b>		
Exceptional costs	460	427
	460	427

Included within exceptional costs in the current year is £322,000 in respect of redundancy costs for staff and £112,000 in respect of certain senior individuals who ceased employment and £5,000 in respect of Company Share Option Plans (CSOP) accounting costs, and £21,000 in respect of legal costs for an employee dispute. The directors consider these costs to be non-recurring due to the fact that they are one off in nature. As such, the costs of the overlap period have been classified as exceptional.

Included within exceptional costs in the prior year is £160,000 in respect of redundancy costs, £126,000 in respect of the retired Chief Financial Officer, £12,000 in respect of CSOP accounting costs and £129,000 in respect of Santander rebanking costs. The directors consider these costs to be non-recurring due to the fact that they are one off in nature. As such, the costs of the overlap period have been classified as exceptional.

### 6 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2024 Number	2023 Number	Company 2024 Number	2023 Number
Number of direct staff	481	401	-	-
Number of indirect staff	209	182	1	1
Total	690	583	1	1



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	41,387	34,267	36	36
Social security costs	4,677	4,152	4	4
Pension costs	2,007	1,676	-	-
Equity settled share based payments	642	648	-	-
	<u>48,713</u>	<u>40,743</u>	<u>40</u>	<u>40</u>

### 7 Directors' remuneration

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	1,157	931
Company pension contributions to defined contribution schemes	75	91
	<u>1,232</u>	<u>1,021</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2023 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	318	245
Company pension contributions to defined contribution schemes	24	21
	<u>342</u>	<u>266</u>

### 8 Share-based payment transactions

During the year ended 30 June 2024, the following share based payment remuneration plans were in place.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 8 Share-based payment transactions (Continued)

Group	Number of share options		Weighted average exercise price	
	2024 Number	2023 Number	2024 £	2023 £
Outstanding at 1 July	8,842	5,411	0.07	0.07
Granted	-	3,431	0.07	0.07
	<u>8,842</u>	<u>8,842</u>	<u>-</u>	<u>-</u>
Outstanding at 30 June	8,842	8,842	-	-
	<u>8,842</u>	<u>8,842</u>	<u>-</u>	<u>-</u>
Exercisable at 30 June	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**The Vital Energi Utilities Enterprise Management Incentive Plan between The Vital Energi Utilities Employee Benefit Trust and certain officials of the Company:**

The options were exercised during the prior year and had an exercise price of £1.00. No charge has previously been recognised for these options as the amount involved was not considered to be material.

**The Company Share Option Plans between Vital Holdings Limited and certain officials of the Group:**

The share based payment expenses relate to employees in one of the company's trading subsidiaries.

The options outstanding for the CSOP at 30 June 2024 had an exercise price of £0.07 (2023: £0.07), and a remaining contractual life of 3 years (2023: 4 years).

The options outstanding for the Joint Share Option Plan (JSOP) at 30 June 2024 had an exercise price of £0.07 (2023: £0.07), and a remaining contractual life of 5 years (2023: 5 years).

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 9 Operating profit

	2024 £'000	2023 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(103)	(51)
Research and development costs	837	526
Government grants	(169)	(771)
Depreciation of owned tangible fixed assets	711	758
Depreciation of tangible fixed assets held under finance leases	151	63
Amortisation of intangible assets	270	175
Operating lease charges	3,288	2,687
RDEC	(496)	(393)
	<u>          </u>	<u>          </u>

### 10 Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Group and Company	25	18
Audit of the financial statements of the Company's subsidiaries	74	72
	<u>99</u>	<u>90</u>
<b>For other services</b>		
Taxation compliance services	28	22
All other non-audit services	42	52
	<u>70</u>	<u>74</u>

### 11 Interest receivable and similar income

	2024 £'000	2023 £'000
<b>Interest income</b>		
Interest on bank deposits	2,121	131
Other interest income	360	492
	<u>2,481</u>	<u>623</u>

### 12 Interest payable and similar expenses

	2024 £'000	2023 £'000
Interest on bank loans	169	201
Interest on finance leases and hire purchase contracts	123	125
Other interest	7,483	6,172
	<u>7,775</u>	<u>6,498</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

#### 12 Interest payable and similar expenses (Continued)

Included within other interest is interest of £6,856,000 (2023: £6,172,000) charged in respect of a debenture, the terms of which are disclosed in note 25.

Included in other interest expense is £627,000 is the write off of forfeited interest to mitigate the financial risk of the termination of a project. See note 21 for further details.

#### 13 Taxation

	2024 £'000	2023 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	2,035	896
Adjustments in respect of prior periods	(333)	(1,497)
Total current tax	1,702	(601)
<b>Deferred tax</b>		
Origination and reversal of timing differences	69	437
Adjustment in respect of prior periods	443	1,818
Total deferred tax	512	2,255
Total tax charge	2,214	1,654

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2024 £'000	2023 £'000
Profit before taxation	8,230	4,836
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 20.50%)	2,058	991
Tax effect of expenses that are not deductible in determining taxable profit	167	357
Adjustments in respect of prior years	(333)	(1,497)
Permanent capital allowances in excess of depreciation	-	(9)
Research and development tax credit	(124)	(81)
Other permanent differences	4	(21)
Deferred tax adjustments in respect of prior years	442	1,818
Adjust deferred tax to average rate	-	79
Adjustments to brought forward values	-	17
Taxation charge	2,214	1,654

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

#### 13 Taxation (Continued)

The standard rate of tax applied to reported profit on ordinary activities is 25% (2023 – 25%). The effective tax rate in the period is 20.5% as a result of the timing of the application of The Finance Act 2021. The Finance Act 2021, which was substantively enacted on 24 May 2021, created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023.

The prior year current tax adjustment in respect of prior years reflected the change in tax treatment for interest payable on a debenture loan within another group entity as a non-trade loan relationship rather than as pre-trading revenue expenditure. Non-trade loan relationship deficits were group relieved to another group entity at the filling of the tax return which was subsequent to the issuance of the prior year financial statements. This is therefore shown as an adjustment in respect of prior years above within 2023.

The prior year deferred tax adjustment in respect of prior years reflected the change in tax treatment for interest payable on the debenture loan as a non-trade loan relationship rather than as pre-trading revenue expenditure. Non-trade loan relationship deficits were group relieved within the group at the filling of the tax return, which was subsequent to the issuance of the prior year financial statements. This was therefore shown as an adjustment in respect of prior years above within 2023.

#### 14 Intangible fixed assets

Group	Goodwill	Software	Development costs	Other intangibles	Lease premium	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 July 2023	528	116	1,098	1,139	3,728	6,609
Additions - internally developed	-	-	593	-	-	593
Additions - separately acquired	-	75	-	218	-	293
At 30 June 2024	528	191	1,691	1,357	3,728	7,495
<b>Amortisation and impairment</b>						
At 1 July 2023	251	51	368	308	-	978
Amortisation charged for the year	22	16	186	46	-	270
At 30 June 2024	273	67	554	354	-	1,248
<b>Carrying amount</b>						
At 30 June 2024	255	124	1,137	1,003	3,728	6,247
At 30 June 2023	277	65	730	831	3,728	5,631

The amortisation charge is recognised in administrative expenses.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 14 Intangible fixed assets (Continued)

Company	Software £'000
<b>Cost</b>	
At 1 July 2023 and 30 June 2024	30
<b>Amortisation and impairment</b>	
At 1 July 2023	4
Amortisation charged for the year	6
At 30 June 2024	10
<b>Carrying amount</b>	
At 30 June 2024	20
At 30 June 2023	26

### 15 Tangible fixed assets

Group	Land	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 July 2023	-	94,768	5,664	3,251	-	103,683
Additions	129	11,240	388	539	1	12,297
At 30 June 2024	129	106,008	6,052	3,790	1	115,980
<b>Depreciation and impairment</b>						
At 1 July 2023	-	-	2,066	2,398	-	4,464
Depreciation charged in the year	-	-	426	436	-	862
At 30 June 2024	-	-	2,492	2,834	-	5,326
<b>Carrying amount</b>						
At 30 June 2024	129	106,008	3,560	956	1	110,654
At 30 June 2023	-	94,768	3,598	853	-	99,219

The Company had no tangible fixed assets at 30 June 2024 or 30 June 2023.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 15 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Plant and machinery	2,403	2,554	-	-

### 16 Fixed asset investments

	Notes	Group		Company	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Investments in subsidiaries	17	-	-	12,101	11,459
Unlisted investments		5,445	4,545	-	-
		5,445	4,545	12,101	11,459

#### Movements in fixed asset investments Group

	Unlisted investments £'000
<b>Cost</b>	
At 1 July 2023	4,545
Additions	900
At 30 June 2024	5,445
<b>Carrying amount</b>	
At 30 June 2024	5,445
At 30 June 2023	4,545

Included within the additions in the year is £0.5m which relate to the increases in ownership of the investment in New Technology Developments Ltd. The percentage ownership increased from 17.5% to 32.27% however in line with the group accounting policy this is not recognised as an associate.

Included within the additions in the year is £0.4m which relates to the expected conversion of loans in a fellow group company for additional equity stakes and additional shareholder funding in Eco Parks Developments Ltd and New Technology Developments Ltd.

The Group has a 27.31% share (2023: 21.83%) in Hull Eco Park Limited. This has been treated as an investment non consolidation, as, despite the shareholding exceeding 20%, the directors do not consider the Group to have significant influence.

In the opinion of the Directors, the fair value of unlisted investments cannot be measured reliably. All unlisted investments are therefore measured at cost less impairment.

**VITAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2024**

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**16 Fixed asset investments (Continued)**

<b>Movements in fixed asset investments Company</b>	<b>Shares in group undertakings £'000</b>
<b>Cost or valuation</b>	
At 1 July 2023	11,459
Additions	642
	<hr/>
At 30 June 2024	12,101
	<hr/>
<b>Carrying amount</b>	
At 30 June 2024	12,101
	<hr/>
At 30 June 2023	11,459
	<hr/>

During the year there was a capital contribution of £642,000 to Vital Energi Limited which represents the value of share options granted in Vital Holdings Limited to employees employed by the subsidiary Vital Energi Utilities Limited.

On 11 April 2024, Vital Low Carbon Solutions Limited incorporated, and on incorporation, £1 of share capital was issued.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

#### 17 Subsidiaries

These financial statements are separate Company financial statements for Vital Holdings Limited. Details of the Company's subsidiaries at 30 June 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
CEF and NHM ESCo Limited (2)	Note 1	Non-trading	Ordinary	-	100.00
H2010 ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Hepworth Place ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Movement ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Paintworks ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Vital Energi Generation Limited	Note 1	Non-trading	Ordinary	75.00	-
Vital Energi Solutions Limited	Note 1	Design, build and operation/maintenance of NHS Hospital Energy Centre and performance contracts	Ordinary	100.00	-
Vital Energi Trustee Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Energi Utilities Limited	Note 1	Supply and installation of decentralised energy generation and distribution schemes	Ordinary	100.00	-
Vital Community Energi Limited	Note 1	Dormant holding company	Ordinary	100.00	-
Vital Energi (Drakelow) Limited (3)	Note 1	Design, build and operation of energy plant	Ordinary	-	75.00
Biomass Power Kochi Limited (6)	Note 1	Developer of a waste to energy plant	Ordinary	-	100.00
Eco Park Developments Limited (4)	Note 2	Investor in the Yorkshire Energy Park	Ordinary	-	50.50
Vital Holdings Investments Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital SGN Investments Limited (5)	Note 1	Non-trading	Ordinary	-	100.00
Vital Chiltern Investments Limited (5)	Note 1	Non-trading	ordinary	-	100.00
Vital Energi (Bilsthorpe) Limited (2)	Note 1	Non-trading	Ordinary	-	100.00
Monier Road ESCo Limited (formerly known as Kidbrooke Esco Limited) (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Plumstead West Thamesmead ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Lewisham ESCo Limited (1)	Note 1	Non-trading	Ordinary	-	100.00
Seaham Gaden Village ESCo Limited (1)	Note 1	Non-trading	Ordinary	-	100.00

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 17 Subsidiaries (Continued)

Vital Energi Power Networks Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Low Carbon Solutions Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Future Software Limited (7)	Note 1	Non-trading	Ordinary	-	100.00
Vital Thermotech Limited (7)	Note 1	Non-trading	Ordinary	-	90.00

Note 1: Century House, Roman Road, Blackburn, Lancashire, BB1 2LD

Note 2: Owen House, Priory Park, Hessle, East Yorkshire, HU13 9PD

(1) held as an investment in Vital Community Energi Limited

(2) held as an investment in Vital Energi Solutions Limited

(3) held as an investment in Vital Energi Generation Limited

(4) held as an investment in Vital Chiltern Investments Limited

(5) held as an investment in Vital Holdings Investments Limited

(6) held as an investment in Vital Energi Utilities Limited

(7) held as an investment in Vital Low Carbon Solutions Limited

The Company's voting rights in respect of each subsidiary are held in the same proportion as the company's share of the ordinary share capital of each subsidiary. All of the above companies are incorporated in England & Wales. Vital Community Energi Limited, Biomass Power Kochi Limited, Hepworth Place Esco Limited, Vital Holdings Investments Limited, Vital Chiltern Investments Limited, H2010 ESCo Limited, The Movement ESCo Limited, The Paintworks ESCo Limited, Seaham Garden Village ESCo Limited, and Vital Energi (Bilsthorpe) Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. Further details in relation to this can be found in note 34.

### 18 Associates

Details of associates at 30 June 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
G.J. Eco Power Private Limited* Note 1		Waste Management	Ordinary	-	26

Note 1: 3rd Floor, Sarayu Complex, Seaport Airport Road, Kakkanad, Kochi, Kerala 682030, India.

\*held as an investment in Vital Energi Utilities Limited

The results of the associates have not been included within the consolidated figures as the impact is not considered material.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

#### 19 Acquisition

On 16 May 2024, a group company, Vital Energi (Bilsthorpe) Limited, acquired certain trade and business assets of RDF Energy No.1 Limited for a consideration of £1,067,000.

	Book Value £'000	Adjustments £'000	Fair Value £'000
<b>Net assets acquired</b>			
Land and buildings	129	-	129
Stock	200	-	200
Trade and other receivables	738	-	738
	<u>          </u>	<u>          </u>	<u>          </u>
Total identifiable net assets	1,067	-	1,067
	<u>          </u>	<u>          </u>	<u>          </u>
Goodwill			-
			<u>          </u>
Total consideration			1,067
			<u>          </u>
The consideration was satisfied by:			£'000
Legal fees			83
Cash paid			984
			<u>          </u>
			1,067
			<u>          </u>

#### 20 Stocks

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Work in progress	10,682	8,961	-	-
Finished goods and goods for resale	200	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	10,882	8,961	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

During the year, an impairment loss was recognised in a Group Company in respect of the write off of stock of £280,000 (2023: £106,000) within cost of sales. No earlier stock write downs have been reversed during the current, or preceding year.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 21 Debtors

	Group 2024	2023 as restated	Company 2024	2023
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	22,573	29,817	1	-
Gross amounts owed by contract customers	34,266	32,152	-	-
Corporation tax recoverable	1,865	626	-	-
Amounts owed by group undertakings	-	-	58	55
Other debtors	9,319	1,917	4	3
Prepayments and accrued income	10,247	10,564	-	-
	<u>78,270</u>	<u>75,076</u>	<u>63</u>	<u>58</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	42,819	38,113
Other debtors	4,945	6,014	-	-
	<u>4,945</u>	<u>6,014</u>	<u>42,819</u>	<u>38,113</u>
<b>Total debtors</b>	<u>83,215</u>	<u>81,090</u>	<u>42,882</u>	<u>38,171</u>

#### Group

Included in gross amounts owed by contract customers are retentions of £13,300,000 (2023: £12,800,000) which are due from customers over a period of 1 to 4 years. The amounts falling due in more than 1 year are £3,100,000 (2023: £4,100,000).

Included within trade debtors falling due within one year, the Group was is owed £nil (2023: £92,000) from Companies with common directors, shareholders and close family members. See note 38 for further details.

Included within other debtors due in less than one year is an amount of £672,000 (2023: £nil) and after more than one year is an amount of £336,000 (2023: £nil) in relation to a payment on contract.

Included within other debtors are the following loans falling due within one year:

Amount outstanding 2024	Amount outstanding 2023	Interest terms	Repayment dates	Terms and conditions
£1,000,000	£1,438,000	12% per annum	31 May 2025	During the prior year, the principal amount of the loan remained outstanding at 30 June 2023 and was repaid on 18 November 2024. During the current year, the recipient of the loan entered into a Group voluntary arrangement, as such the Group wrote off forfeited interest of £438,000 to mitigate the financial risk of the termination of the project.
£1,278,000	-	8.19% per annum	29 May 2024	No further terms.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 21 Debtors (Continued)

£1,474,000	-	20% per annum	31 August 2024	No further terms.
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Included within other debtors are the following loans falling due after more than one year:

Amount outstanding 2024	Amount outstanding 2023	Interest terms	Repayment dates	Terms and conditions
£430,000	£410,000	10% (2023: 4%) per annum from the first anniversary of the agreement, being 30 September 2022	31 March 2026	On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest is now charged is 10% per annum. The loan is due for repayment by 31 March 2026. See note 38 for further detail.
£1,000,000	£1,180,000	12% per annum, charged monthly	15 September 2025	During the current year, the recipient of the loan entered into a company voluntary arrangement, as such the Group wrote off forfeited interest of £180,000 to mitigate the financial risk of the termination of the project. The principal amount of the loan remained outstanding at 30 June 2023 and was repaid on 18 November 2024.
£2,450,000	£2,250,000	10% per annum, charged quarterly	The loan is due for repayment no less than 1 month after which the repayment notice is given	The Directors do not intend to issue a repayment notice within the next 12 months, therefore the amount has been classified as due more than one year. See note 38 for further detail.
£172,000	£166,000	10% (2023: 4%) per annum, charged monthly	31 March 2026	On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest was charged is 10% per annum. The loan is due for repayment by 31 March 2026. Management determined the changes to the terms were not substantial and this was treated as a modification to the original loan in the prior year.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 21 Debtors (Continued)

£nil	£440,000	No interest being charged	Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months.	During the current year, the amount was transferred during the year to a fellow group undertaking, Vital Chiltern Investments Limited, to be converted to additional equity stakes and additional shareholder funding in related companies. See note 38 for further details.
£140,000	£130,000	10% per annum	1 April 2026	See note 38 for further details.
£417,000	-	10% per annum	The loan is due for repayment on the earlier of, the date on which the project closes, the date of sale or disposal of twenty five or more percent of the equity share capital, or on demand by 10 September 2029.	See note 38 for further details.

#### Company

Included within amounts owed by group undertakings falling due after more than one year are the following balances:

Amount outstanding 2024	Amount outstanding 2023	Interest terms	Repayment dates	Terms and conditions
£41,455,000	£36,791,000	12% per annum, charged monthly	27 January 2053 or any other date agreed between by both parties.	No further terms.
£1,364,000	£1,322,000	3.25% per annum	31 December 2026 or such date as may be determined by a resolution of the directors.	No further terms.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

#### 22 Cash at bank and in hand

Cash at bank and in hand includes an amount of £416,000 (2023: £298,000) in relation to the Group's captive insurance scheme.

At 30 June 2024, £434,000 (2023: £417,000) of the Group's cash balances are not available for use by the Group due to restrictions on their use as sinking fund accounts.

#### 23 Creditors: amounts falling due within one year

		Group 2024	2023 as restated	Company 2024	2023
	Notes	£'000	£'000	£'000	£'000
Debenture loans	25	2,999	3,239	-	-
Obligations under finance leases	26	374	352	-	-
Trade creditors		27,709	23,189	-	16
Gross amounts owed to contract customers		6,319	1,989	-	-
Amounts owed to group undertakings		-	-	8	16
Other taxation and social security		3,498	6,012	-	-
Other creditors		1,869	4,727	-	-
Accruals and deferred income		105,251	100,305	49	23
		<u>148,019</u>	<u>139,813</u>	<u>57</u>	<u>55</u>

#### Group

Included in other creditors is an amount of £179,000 (2023: £161,000) in respect of a loan below market rate of interest (see note 25). The balance is being amortised over a period of 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

Included within accruals and deferred income is £8,840,000 (2023: £9,000,000) in respect of government grant income for the government's Heat Networks Investment Project. Grant income of £169,000 (2023: £571,000) was recognised in the year in respect of this project.

Included within trade creditors falling due within one year, the Group is owed £nil (2023: £99,000) owed to Companies with common directors, shareholders and close family members. See note 38 for further detail.

#### Company

Amounts owed to group undertakings falling due after more than one year includes £41,455,000 (2023: £36,791,000) with interest charged at 12% per annum, charged monthly. The loan is due for repayment by 27 January 2053 or any other date agreed between by both parties.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 24 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Debenture loans	25	73,240	72,273	-	-
Obligations under finance leases	26	1,575	1,949	-	-
Other borrowings	25	3,576	3,490	-	-
Amounts owed to group undertakings		-	-	46,027	41,286
Other creditors		3,400	4,003	-	-
		<u>81,791</u>	<u>81,715</u>	<u>46,027</u>	<u>41,286</u>

#### Group

Included in other borrowings is an amount of £3,576,000 (2023: £3,490,000) in respect of a loan below market rate of interest (see note 25). The loan is being amortised over 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

#### Company

Amounts owed to group undertakings includes £4,572,000 (2023: £4,495,000) with interest charged at 3.25% per annum, charged monthly. The loan is repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

Amounts included above which fall due after five years are as follows:

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Payable by instalments	64,049	33,213	-	-
Payable other than by instalments	-	36,791	41,456	36,791
	<u>64,049</u>	<u>70,004</u>	<u>41,456</u>	<u>36,791</u>

### 25 Borrowings

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Debenture loans	76,239	75,512	-	-
Other borrowings	3,576	3,490	-	-
	<u>79,815</u>	<u>79,002</u>	<u>-</u>	<u>-</u>
Payable within one year	2,999	3,239	-	-
Payable after one year	76,816	75,763	-	-



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

#### 25 Borrowings (Continued)

Included in other borrowings is a balance of £3,576,000 (2023: £3,490,000) which relates to a loan, received from Department for Energy Security and Net Zero (DESNZ). The loan is repayable in 51 six monthly instalments commencing June 2027 and carries interest of 0.01%. As noted in the accounting policies, the Directors have assessed the balance as representing a financing transaction and have discounted the liability to present value. As at 30 June 2024, the gross liability at 30 June 2024 has been discounted to £3,490,000 (2023: £3,665,000). The final repayment will be made in June 2052. No security is held in respect of this loan.

The bank overdrafts are secured by a third party on the assets of the Group by means of fixed and floating charges including negative pledges.

The debenture of £76,200,000 (2023: £75,511,000) has a total term of 33 years, of which 31 years are remaining. Interest is charged at an effective rate of 9.18% per annum. The debenture is secured by fixed and floating charges over all property and undertakings of Vital Energi Drakelow Limited, a subsidiary undertaking, including a negative pledge.

#### 26 Finance lease obligations

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Less than one year	374	352	-	-
Between one and five years	1,575	1,585	-	-
After five years	-	364	-	-
	<u>1,949</u>	<u>2,301</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the Group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group has a charge dated 29 June 2022, in favour of Paragon Commercial Finance Limited, in respect of the finance leases. The charge contains a fixed charge over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

#### 27 Deferred taxation

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2024	2023
Group	£'000	£'000
Short term timing differences	(49)	(63)
Fixed asset timing differences	935	510
Losses and other deductions	4	(69)
	<u>890</u>	<u>378</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 27 Deferred taxation (Continued)

The company has no deferred tax assets or liabilities.

	Group 2024 £'000	Company 2024 £'000
<b>Movements in the year:</b>		
Liability at 1 July 2023	378	-
Charge to profit or loss	512	-
Liability at 30 June 2024	890	-

The deferred tax liability set out above relates to the tax losses which will reverse when utilised against future expected profits. The short term timing differences relate to disallowable provisions and pension contributions and are expected to reverse within the next 12 month period.

The deferred tax asset set out above is expected to reverse within 12 months and relates to fixed asset timing differences that are expected to mature within the same period.

### 28 Retirement benefit schemes

	2024 £'000	2023 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	2,007	1,676

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

At 30 June 2023 the Group had outstanding pension contributions of £291,000 (2023: £276,000).

### 29 Share capital

	Group and Company			
	2024 Number	2023 Number	2024 £'000	2023 £'000
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares 1 of 0.099p each	100,000,000	100,000,000	99	99
Ordinary shares 2 of 0.1p each	83,002,000	83,002,000	83	83
Ordinary shares 3 of 0.10928962p each	45,750,000	45,750,000	50	50
Preferred shares of 1p each	100,000	100,000	1	1
	228,852,000	228,852,000	233	233

The holders of Preferred shares have the right to a preferential payment of £45 per share upon a capital distribution or in the case of winding up the Company. The shares do not confer any rights of redemption, any rights to a dividend, nor any rights to vote at a general meeting of the Company.

The holders of the Ordinary shares have the right to vote and receive income. All Ordinary shares rank below Preferred shares in the case of winding up the Company.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 30 Employee Benefit Trust

The Group has established an Employee Benefit Trust with the object of promoting employee loyalty and goodwill.

In accordance with Section 9 of FRS 102 the trust net deficit of £23,000 (2023: £23,000) has been incorporated into the Company and Group balance sheet.

### 31 Reserves

#### Merger reserve

Representing the difference in consideration paid and net assets consolidated as a result of a Group reorganisation.

#### Share-based payment reserve

The cumulative share-based payment expense.

#### Own shares

The own share reserve comprises the investment in own shares of 8,692,520 (2023: 8,692,520) Ordinary shares of £0.001 (2023: £0.001) each in Vital Holdings Limited that are held by The Vital Energi Utilities Employee Benefit Trust. In accordance with section 9 of FRS 102 the investment has been shown as a deduction in shareholders' funds.

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

### 32 Cash generated from group operations

	2024	2023
	£'000	as restated £'000
Profit for the year after tax	6,016	3,182
<b>Adjustments for:</b>		
Taxation charged	2,214	1,654
Finance costs	7,606	6,298
Investment income	(2,481)	(623)
Amortisation and impairment of intangible assets	270	175
Depreciation and impairment of tangible fixed assets	862	821
Equity settled share based payment expense	642	648
Cost of intangible assets developed	(593)	-
<b>Movements in working capital:</b>		
Increase in stocks	(1,921)	(3,197)
Decrease/(increase) in debtors	1,956	(18,390)
Increase in creditors	7,910	43,449
<b>Cash generated from operations</b>	<b>22,481</b>	<b>34,017</b>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 33 Analysis of changes in net debt - group

	1 July 2023 £'000	Cash flows £'000	Non-cash £'000	30 June 2024 £'000
Cash at bank and in hand	63,386	(1,545)	-	61,841
Borrowings excluding overdrafts	(79,002)	6,129	(6,942)	(79,815)
Obligations under finance leases	(2,301)	352	-	(1,949)
	<u>(17,917)</u>	<u>4,936</u>	<u>(6,942)</u>	<u>(19,923)</u>

Included within cash at bank and in hand is £416,000 (2023: £298,000) in relation to the Group's captive insurance scheme.

At 30 June 2024, £434,000 (2023: £417,000) of the Group's cash balances are not available for use by the Group due to restrictions on their use as sinking fund accounts.

### 34 Financial commitments, guarantees and contingent liabilities

A Group undertaking has numerous charges in favour of Aviva Investors Energy Centres No. 1 Limited Partnership. The charges contain fixed charges, floating charges and negative pledges over the property or undertaking of the Company.

A Group undertaking has three charges dated 3 December 2015, 6 December 2018 and 15 December 2021, in favour of De Lage Landen Leasing Limited. The charges contain a fixed charge, a floating charge and a negative pledge over property or undertaking of the Company.

A Group undertaking has a charge dated 29 June 2022, in favour of Paragon Commercial Finance Limited, in respect of the finance leases. The charge contains a fixed charge over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

A number of Group undertakings have a fixed and floating charge dated 14 March 2023, in favour of Santander UK PLC, in respect of the property or undertaking of the entities. This charge contains a fixed and floating charge over all the property or undertaking of the entity, and the subsidiary undertakings, including a negative pledge. The charge was satisfied in full during the year.

Vital Community Energi Limited, H2010 ESCo Limited, Hepworth Place ESCo Limited, The Movement ESCo Limited, The Paintworks ESCo Limited, Vital Energi (Bilthorpe) Limited, Biomass Power Kochi Limited, Vital Holdings Investments Limited, Vital Chiltern Investments Limited, and Seaham Garden Village ESCo Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. As such Vital Holdings Limited, the parent undertaking, guarantees all outstanding liabilities to which the Companies are subject at the end of the financial year, until they are satisfied in full, and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary Companies are liable in respect of those liabilities.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 35 Operating lease commitments

#### Lessee

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	3,189	2,745	-	-
Between one and five years	4,613	5,020	-	-
In over five years	2,012	3,177	-	-
	<u>9,814</u>	<u>10,942</u>	<u>-</u>	<u>-</u>

### 36 Capital commitments

Amounts contracted for but not provided in the financial statements:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Acquisition of tangible fixed assets	17,159	-	-	-
	<u>17,159</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 37 Events after the reporting date

Subsequent to the year end, on 23 October 2024, Vital Energi Utilities Limited sold 100% of the share capital of Biomass Power Kochi Limited to a director of that company.

After the balance sheet date Vital Energi Utilities Limited committed to providing a loan facility up to the value of £7m to a connected company Chiltern Vital Berkeley Holdings Ltd. Total advances up to the date of the approval of the financial statements are £4.9m.

On 17 December 2024 Vital Holdings Limited allotted 707,928 B Ordinary share capital each with a nominal value of £0.01. On 19 December 2024 Vital Holdings Limited allotted 10,000,000 of preferred share capital each with a nominal value of £1.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2024

#### 38 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel of the group is as follows:

	2024 £'000	2023 £'000
Aggregate compensation	5,149	5,445

Key management personnel includes £366,000 (2023: £344,000) relating to equity-settled shared-based payments.

##### Other information

At 30 June 2024, included within trade creditors falling due within one year, the Group owed £nil (2023: £99,000) to Companies with common directors, shareholders and close family members.

Included within trade debtors falling due within one year, the Group is owed £nil (2023: £92,000) from Companies with common directors, shareholders and close family members. During the year the Group made sales of £430,000 (2023: £226,000) to these Companies and made purchases of £960,000 (2023: £1,087,000) from these Companies. The remaining movement relates to payments and receipts.

Included in other creditors falling due within one year is an amount due to a director of £12,000 (2023: £3,636,000 included in other creditors falling due within one year). An amount of £5,618,000 (2023: £8,631,000) was repaid and an amount of £1,994,000 (2023: £7,770,000) was advanced during the year. The maximum overdrawn amount during the year was £nil (2023: £nil).

Included within other debtors due after one year is an amount of £2,450,000 (2023: £2,251,000) due from a Company in which Vital Chiltern Investments Limited, a fellow Group undertaking, has a participating interest. Interest is charged at 10% per annum, charged quarterly. The Directors do not expect these amounts to be fully repaid within 12 months.

Included within other debtors due after one year is an amount of £430,000 (2023: £410,000) due from a Company in which Vital Chiltern Investments Limited, a fellow Group undertaking, has a participating interest. Interest is charged at 10% (2023: 4%) from the first anniversary of the agreement, being 30 September 2022. The loan is due for repayment by 31 March 2026.

Included within other debtors due after one year is an amount of £nil (2023: £440,000) due from a Company in which Vital Chiltern Investments Limited, a fellow Group undertaking, has a participating interest. No interest is charged on the loan. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months. During the current year, the amount was transferred during the year to a fellow group undertaking, Vital Chiltern Investments Limited, to be converted to additional equity stakes and additional shareholder funding in related companies.

Included within other debtors due after one year is an amount of £140,000 (2023: £130,000) due from a Company in which Vital Chiltern Investments Limited, a fellow Group undertaking, has a participating interest. Interest is charged at 10% per annum, charged quarterly. The loan is due for repayment by 1 April 2026.

Included within other debtors due after one year is an amount of £417,000 (2023: £nil) with interest being charged at 10% per annum. The loan is due for repayment on the earlier of, the date on which the project closes, the date of sale or disposal of twenty five or more percent of the equity share capital, or on demand by 10 September 2029.

**VITAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2024**

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**39    Controlling party**

The Company is ultimately controlled by Mr G J Fielding and close family who controlled the majority of the issued share capital of the Company during the year.

**Company Registration No. 06395526 (England and Wales)**

**VITAL HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2023**

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VITAL HOLDINGS LIMITED

COMPANY INFORMATION

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Directors	Mr G J Fielding Mr I M Whitelock Mr N Gosling Mr G Le Sueur Mrs S A Fielding Ms C Parker
Secretary	Mr S McKechnie
Company number	06395526
Registered office	Century House Roman Road Blackburn Lancashire BB1 2LD
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

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# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

#### Principal activity

The Group operates within the dynamic energy sector, offering an extensive array of services as a provider of energy-related services, systems, and solutions both for itself as an Asset Owner and Operator and also for others.

Our core services encompass the design, installation, and operation of low-carbon and renewable energy products and solutions, many of which are delivered under long term energy performance contracts. This includes energy generation, heat recovery and storage, employing an increasingly diverse range of technologies. We also specialise in energy distribution networks for heat, power, and other utilities, and integrating new energy networks for customers with national energy grids. This integration is facilitated through the implementation of mechanical and electrical systems, building controls, and other necessary components to create comprehensive and optimised smart energy systems.

The Group also delivers a broad range of energy conservation measures, including building fabric improvements to reduce energy consumption and a range of energy efficiency solutions for retrofit applications.

With all these solutions and services, the Group may provide either full or part funding.

Whether dealing with new or existing energy systems, we offer a comprehensive suite of asset management and operational services. These services ensure the sustained safe and efficient operation of systems, covering repairs, replacements, data collection, system performance analysis, technical and financial management, utility procurement, energy sales, and performance monitoring and reporting.

For systems designed, supplied, installed and operated by the Group, we provide our customers and clients with assurance of performance through various means. These include key performance indicators (KPIs), guaranteed financial and carbon savings, and other performance-based metrics.

Our Group operates in a diverse range of markets, including healthcare, education, industrial, commercial, manufacturing, transport, residential, local authority and waste-to-energy sectors.

The principal activity of the Company is that of a holding company.

#### Fair review of the business

The Group turnover increased by £15.4m to £224.4m (FY22 £209.0m), an increase of 7.4% during the year. The Group achieved an operating profit of £10.7m (FY22 £9.5m), an increase of £1.2m (+12.6%) on the previous year. The timing of revenue has also resulted in an increase in trade debtors of £1.52m at the period end.

The directors are pleased with this increased level of activity and profitability in challenging circumstances.

The Group's gross profit % increased to 13.9% (FY22 13.1%) due to better cost control overall and favourable project margin mix.

The Group's overheads increased to £21.7m (FY22 £18.8m) which was 9.7% of sales compared to 9.0% in FY22. This is mainly due to our growth in employee numbers, and associated staff costs, which was still limited with 583 employees in total compared with 545 employees in FY22. Staff costs increased from £36.2m (FY22) to £40.7m (FY23) as a result of increased headcount.

The directors are pleased with the level of cost control exercised in challenging market conditions.

The Group's net assets increased to £40.9m (FY22 £38.7m). During the year the Group continued to develop, through Vital Energi (Drakelow) Limited, a waste to energy facility and has incurred capital expenditure of £22.8m, the majority of which relates to the Drakelow asset. The Group finished the year with cash balances of £63.4m (FY22 £39.0m). During the year, the Group made further investments, as well as provided financing to allow further development of business opportunities in view of its strategic move into investing in Chiltern Group Companies (see note 15) and has also received a further grant from Department for Energy Security and Net Zero (DESNZ) for £8.9m, in addition to the loan of £7.2m received last year for a specific project. Please see note 22 which explains the accounting treatment of the loan that has been assessed as a financing transaction. The directors are satisfied that this liquidity position is more than adequate to support the Group's future growth plans.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

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The Group already has a strong sales and secured order book for FY24, and the forecast for FY24 shows a continuation of the significant growth levels experienced in previous years.

In the year, we have observed a significant increase in demand from customers for the decarbonisation of heat and associated services. There are a number of key market drivers influencing this growth. Most notably, the public sector is driving the decarbonisation of its built estate, supported by further rounds of grant funding from the Public Sector Decarbonisation Scheme (PSDS), and an increasing number of Blue-chip commercial and industrial customers are motivated by their Net Zero aspirations and their commitments to Environmental, Social, and Corporate Governance (ESG) goals.

Also driving market growth, the increased volatility of energy costs, has served to focus customers attention on what has become an increasingly significant business cost and burden.

The increase in demand has led to growth in the pipeline of enquiries from these and other sectors including, process industries, manufacturing and transport seeking support for the delivery of lower carbon energy generation, distribution, energy recovery and storage solutions coupled with energy efficiency improvements.

The economic case for self-generation, distribution and storage has improved with lower costs and higher returns improving pay-back periods, thus creating significant growth in the implementation of solar PV, private wire networks and battery storage solutions.

The district heating market has also seen an increase in the level of activity over the past year. The introduction of the Green Heat Network Fund (GHNF), which has replaced the Heat Network Investment Project (HNIP), has facilitated the ongoing development of several strategic heat networks.

Our strategic relationships with Scotia Gas Networks and Chiltern Management Group have continued to leverage significant opportunities for design, build and asset ownership in heat and multi-utility infrastructure.

We remain committed to fostering innovation, a cornerstone of our sustained growth over the years. To ensure our trajectory of innovation continues, we have deepened our collaborative ties with several prominent universities. Our ongoing efforts centre around pioneering technological advancements and devising pathways to bring these innovations to market for commercialisation.

Our collaboration with industrial partners has been instrumental in further advancing the development and deployment of our cutting-edge application, 'Glass'. This market-leading app offers a range of features to residential customers and social landlords, including a smartphone customer portal that empowers users to manage and control heating and hot water systems seamlessly.

We are actively engaged in the Heat Networks Industry Council, collaborating closely with the Department for Energy Security and Net Zero (DESNZ) to design a robust policy framework that will support the significant expansion required in the heat network sector. This expansion aligns with the Committee on Climate Change's recommendation to achieve 18-20% of the UK's heat supply from heat networks by 2050, forming a crucial part of the least-cost pathway to achieving Net-Zero in line with the Heat and Buildings Strategy.

#### Environmental matters

The Group's unwavering commitment to Environmental, Social, and Governance (ESG) development remains a core focus of our initiatives. The publication of our third annual Carbon Reduction Plan on our website is a testament to our transparency and accountability in our ESG endeavours.

We have embarked on an ambitious path toward achieving net-zero emissions, building on the work carried out to create our Carbon Reduction Plan. Our overarching commitment entails achieving net zero by the year 2035, with dynamic near-term targets set to ensure that we remain on track. We have made a significant investment in a carbon management platform, selecting Greenly to work alongside us to carry out a full carbon footprint of our business, and to collect, organise and manage our data and create a long-term carbon management strategy. Greenly will also support us in achieving validation of our targets by the Science-Based Targets Initiative (SBTi) in this financial year, fulfilling our existing commitment to implement comprehensive, company-wide carbon reduction initiatives in harmony with internationally recognised standards.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

Greenly will also support us in achieving validation of our targets by the Science-Based Targets Initiative (SBTi) in the next financial year, fulfilling our existing commitment to implement comprehensive, Company-wide carbon reduction initiatives in harmony with internationally recognised standards.

In a stride to further our ESG commitments, we have appointed a Head of ESG who will spearhead and oversee these crucial initiatives. This appointment signifies our dedication to upholding the highest ESG standards in our operations.

In addition to our continued support for clients across the UK in their transition to a low-carbon future, we are taking proactive measures within our own organisation as explained in this report (see Carbon Report section). Our commitment to the development of science-based carbon reduction targets underscores our resolve to take tangible and measurable actions that significantly reduce our environmental impact. This is a testament to our dedication to environmental stewardship and our ongoing contributions to a sustainable future.

Vital have always had a strong commitment to social value to improve the wider benefits of economic, social and environmental wellbeing, delivering value that goes beyond the implementation of our energy solutions and making a real impact to people's lives. Year on year Vital have increased investment within our communities across the UK, during FY22-23 we provided significant support to:

#### Employment, Skills & Training

- Employing 33 apprentices
- 21 Universities and Colleges careers events promoting green skills and career pathways
- Providing meaningful work placements for local students
- 13 schools delivering our Climate Education programme and site tours to children across the UK inspiring and educating the next generation
- Launching our STEM Ambassador programme where we currently have 11 STEM Ambassadors enrolled across the business (with a further 5 applications in progress)
- Equality, Diversity & Inclusion through the implementation of training, awareness and participation in industry organisations such as the Diverse Heat Network & District Heating Divas
- Training and development with all stakeholders including professional qualifications, upskilling and mentoring (with a specific budget set aside)

#### Community Support

- Local communities through volunteering initiatives such as enhancing green spaces
- Community organisations such as foodbanks and schools to assist with their local priorities
- Encouraging employment within the local communities by creating positions directly or supporting the growth of businesses and SME's through local spend

#### Charitable Work

- £39,580 financial & in-kind donations to partner organisations such as cancer research at Christies Hospital, CALM and Cash for Kids
- Engaging in and sponsoring charity events such as Northern Lights Community Football, International Men & Women's Day

#### Health & Wellbeing

- The health and wellbeing of our own employees through our own Energihub & gym, events, communications, awards and assigned Wellbeing Champions
- The implementation of fair work practices and Vital Benefits programme including paying above the Living Wage, family friendly and flexible working policies, Employee Assistance Programme, Life Assurance and Pension contributions

#### Environmental & Sustainability

- Reducing carbon emissions by focusing on green transportation programmes and fleet
- Resource efficiency and waste management through recycling (97%) and recovering (1%) with our partner Go Green
- Promoting awareness of environmental protection and improvement through CPD, networking, bulletins and training

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

In alignment with our ESG strategy, we are establishing our social value framework focusing on data capture and recording. Our priorities for the next financial year include:

- Embedding our social value strategy within our end to end service delivery
- Establishing metrics, toolkits, processes and procedures
- Implementation of our company volunteering 'Good Cause Days' programme
- Setting targets and KPIs to measure and monitor
- Data collection, management and reporting
- Raising awareness and training for both staff and associated stakeholders
- Increasing our number of STEM Ambassadors across the business

#### Key risks and uncertainties

The energy markets have continued to evolve, driven by both economic and political factors, and this presents both challenges and opportunities for Vital Energi and our customers. We closely track policy development, and seek where possible to collaborate with Government to shape policy to allow us to offer compelling service propositions. Energy prices have remained higher globally, and upward pressure on inflation and interest rates has resulted in increased borrowing costs.

While elevated energy prices have increased interest in energy conservation, the accompanying price volatility has introduced complexities into our business strategy, potentially leading to delays in customer decision-making. Our directors have conscientiously identified this as a significant risk. In response, the government has initiated various short-term fiscal policies to support households and businesses during this period of heightened energy costs.

Competition from new market entrants continues to be a concern, yet we remain confident in our ability to mitigate these competitive risks. Our Group is bolstered by the exceptional quality of our staff, products, and services, along with strong collaborations with companies in northern European nations where similar products and services have matured.

The Board remains actively vigilant, continuously monitoring ongoing economic uncertainties, and is confident in the adequacy of our existing contingency plans to address risks associated with ongoing projects until their completion. Furthermore, these risks are thoughtfully integrated into our approach when tendering for new projects.

Despite these multifaceted challenges, our Group maintains a robust financial position and a steadfast commitment to a future with a strong project pipeline.

#### Future developments

We anticipate a sustained emphasis on renewable energy generation, energy storage, and decarbonisation in the foreseeable future. The Group is observing a growing array of investment prospects in asset ownership, encompassing projects such as waste-to-energy, energy storage, heat infrastructure, multi-utility networks, and ESCo services. These endeavours are poised to deliver an augmented share of long-term revenue and profits, bolstering our conventional design and build business.

#### Section 172 (1) statement

Section 172 of the Companies Act 2006 requires a director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of the Company as a whole.

In doing this, section 172 requires the directors to have regard to, amongst other matters:

- Anticipated long-term consequences of their decisions.
- The welfare of the Company's employees.
- Nurturing the Company's relationships with suppliers, customers, and other stakeholders.
- Evaluating the environmental and community impact of Company operations.
- Upholding the Company's reputation for exemplary business conduct and ethical standards; and

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

In discharging their section 172 duties, the directors have regard to all the matters set out above.

Day-to-day management of the Company is entrusted to business sector boards. To aid directors in fulfilling their Section 172 duties and to foster consistent engagement with business sector boards, a variety of informational formats are at their disposal. These formats are employed in various facets of our corporate governance, including:

- Formulating, endorsing, and executing business strategies, plans, and policies.
- Continuously assessing business performance.
- Prudently managing risk.
- Decisions pertaining to significant business initiatives and other pertinent matters.
- Regular scrutiny of health and safety protocols.
- A comprehensive review of the impact of the COVID-19 pandemic.

Our directors and business sector boards conscientiously manage the business, with the overarching aim of upholding the Company's reputation for exemplary business conduct and strong governance. Several Company policies underscore this commitment, including policies related to conduct and standards, the Criminal Finance Act, anti-bribery and corruption measures, equal opportunities and diversity, and modern slavery. For a more in-depth review of our stance on modern slavery, please visit our website at [www.vitalenergi.co.uk](http://www.vitalenergi.co.uk).

Key stakeholders of the Company encompass our employees, clients, suppliers, the community, and our investors. When making decisions, our directors actively consider the perspectives of these stakeholders. We engage with these groups through various channels, including:

- **Employees:** Our Company places a strong emphasis on fostering a culture of employee engagement, well-being, equality, diversity and inclusion. The board acknowledges the pivotal role that employees play in achieving our strategic objectives, with a focus on cultivating a supportive work environment that values and promotes diversity. We routinely hold company-wide meetings and communicate customer feedback, product development updates, and business performance to our staff. In addition, our employees receive regular briefings on developments in their respective business sectors and benefit from news communications that cover business progress, project updates, and employee-related news and achievements. To further enhance employee satisfaction, we continually evaluate and refine our compensation and benefits packages, and we have established a Remuneration Committee to oversee matters related to pay and benefits while ensuring equitable opportunities for all employees, irrespective of their background and identity.
- **Customers:** Our directors, Business Area Boards, and employees remain steadfast in their commitment to delivering exceptional services to our valued customers. We consistently gather customer feedback to ensure the provision of outstanding service, value for money, and alignment with current and future customer needs. Feedback at every touchpoint in the customer journey is collected and distributed throughout the organisation to guide our efforts in enhancing our customer proposition and expanding our business.
- **Suppliers:** Our Company maintains close relationships with key suppliers and subcontractors through regular feedback and periodic meetings. This ongoing collaboration is instrumental in ensuring stock availability, service quality, and competitive pricing. It also allows us to navigate market risks and plan effectively in an ever-changing environment. Our procurement approach requires that suppliers share core values that align with ours, and our contract terms are designed to align the interests of our Company with those of our suppliers and subcontractors.
- **Corporate Social Responsibility (CSR):** Vital Energi's CSR initiatives span across community involvement, the marketplace, environmental responsibility, and workplace engagement. We actively engage our employees in energy consumption reduction and recycling targets, demonstrating our commitment to sustainability. We invest in skill development to support the transition to a net-zero emissions future, helping drive post-COVID economic recovery in the UK. Our training programs, CPD sessions, and Lessons Learned sessions at our recently established Head Office Training Centre in Blackburn enable our employees to acquire the skills needed to address climate change and contribute to a sustainable workforce. Furthermore, our expertise in low/zero carbon energy generation and heat networks positions us as a vital player in the UK's net-zero objectives. We are also exploring opportunities to engage with charitable organisations and expand our charitable efforts. In the past year, we made a donation to the Christie Charity, which provides enhanced services beyond what the NHS funds, benefiting patients, their families and the whole community.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

- **Investors:** Our shareholders are actively represented in the corporate governance and operational structure of our Company. We are committed to providing clear, fair, and comprehensible information to all stakeholders, especially our shareholders and investors. The board ensures alignment with shareholder interests through monthly board meetings, where third-party shareholder representatives are present.
- **Upholding High Standards of Business Conduct:** Vital Energi is incorporated in the UK and operates under the governance of the Companies Act 2006. Our board acknowledges the importance of maintaining robust corporate governance standards to protect the interests of our stakeholders. We maintain rigorous financial controls, regularly review and document these controls, and have in place policies for data protection, health and safety, and anti-bribery and corruption. The board has reviewed all related party transactions and maintains a register of Directors' Interests

#### Effect and impact – principal Board decisions and how the Board considered stakeholders views:

##### 1. Strategic Investments

##### Strategic move into investing in Chiltern Group Companies and Scotia Gas Networks Joint Venture.

Throughout the year, the Group expanded its Equity investments and loan investments (in other debtors) in Chiltern Group Companies and extended financial support to facilitate the development of new business prospects. The Board's assessment affirmed that these investments and funding initiatives persist in fostering the Group's long-term success. These strategic moves are instrumental in significantly expanding our business, solidifying Vital's position as a key player in energy services and contributing both capital and recurring operational revenue. Additional details can be found in Note 19 for comprehensive information.

Consideration	Outcome / Impact
<b>Customers</b> The Board considered the impact on our existing customers of a significant move into asset ownership and concluded that we had the necessary people and financial resources to not adversely impact on our existing business.	The board concluded there was a strong strategic fit and that the move into Chiltern Investments and the SGN JV agreement would deliver attractive returns in excess of our cost of capital over the long-term.
<b>Shareholders</b> Considered the strategic fit and financial merits of making these investments.	The board concluded that these investments should be structured within a separate part of the business where all investments could be managed under separate board structures.
<b>Governance</b> The Board considered the importance of the governance structure under which these investments would operate.	
<b>Employees</b> Considered the impact on our existing employees of adding a new venture to our core business and concluded that this would create opportunities for existing Group employees to work in the new business areas.	
<b>Suppliers</b> We considered how the move into investing in Chiltern Group companies and Scotia Gas Networks joint venture would affect our existing suppliers and concluded that there would be a positive impact.	

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### Carbon Reporting

Effective since 1 April 2019, the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 impose obligations for quoted and large unquoted Companies, to produce an Energy and Carbon Report. The primary purpose of this report is to summarise the energy usage, associated emissions, energy efficiency actions and energy performances for Vital Holdings Limited and has been prepared for inclusion in the annual Directors' Report, under Section 145A of the Companies Act 2006.

The report will additionally provide and present data for Vital Energi's ISO 50001:2018 certified Energy Management System (EnMS), to demonstrate commitment to continual improvement of this business aspect.

The Group operates in the energy sector, across a broad range of markets including Healthcare, Education, Industrial, Commercial, Residential Local Authorities and Waste to Energy; supplying a comprehensive range of services as a provider of energy and energy-related services, systems and solutions; involving design, manufacture, supply, installation and operation of low carbon and renewable products incorporating energy centre buildings, energy storage, distribution networks for heat, power and other utilities. The Group also provides building fabric enhancements to reduce energy loss and ensure that maximum benefit can be gained from new energy systems installed in retrofit conditions.

#### Methodology for reporting

This report relates to the Financial Year July 2022 to June 2023 and utilises the period July 2021 to June 2022 as the benchmark period to show changes. 2022/23 UK Government conversion factors for greenhouse gas (GHG) were applied to the benchmark figures whereas updated 2021/22 figures were used for the 21/22 figures.

The intensity ratio used to calculate and report for Vital Holdings Limited and its subsidiaries is Tonnes of Carbon Dioxide Equivalent per employee [t CO<sub>2</sub>e/employee].

The calculations utilise the UK Government conversion factors for greenhouse gas (GHG) reporting provided in the 2022 DEFRA/Department for Business, Energy & Industrial Strategy Conversion Factors for Company Reporting spreadsheet which are as follows:

2023 Conversion Factor kgCO <sub>2</sub> e			
Gas (per kWh)	0.18293 kgCO <sub>2</sub> e	Car – PHEV (per mile)	0.1060 kgCO <sub>2</sub> e
Electricity (per kWh)	0.20707 kgCO <sub>2</sub> e	Car – Hybrid (per mile)	0.1915 kgCO <sub>2</sub> e
Fuel – Gas oil (per litre)	2.75541 kgCO <sub>2</sub> e	Car – Electric (per mile)	0.0415 kgCO <sub>2</sub> e
Car – Diesel (per mile)	0.2733 kgCO <sub>2</sub> e	Van – Diesel (per mile)	0.3722 kgCO <sub>2</sub> e
Car – Petrol (per mile)	0.2638 kgCO <sub>2</sub> e	Van – Petrol (per mile)	0.3240 kgCO <sub>2</sub> e

These are then converted to tonnes of carbon dioxide (tCO<sub>2</sub>e) by dividing by 1000, before being divided by our year end headcount (630) to provide the tCO<sub>2</sub>e /employee.

A full energy breakdown and analysis for Vital Holdings Limited is provided in the table and charts shown below.

#### Analysis of Findings

Vital Holdings Limited offers a range of low-carbon energy solutions including power generation sources along with heating and cooling network services from local energy centres fuelled by gas and biomass, air, water and grounds source heat pumps.

Small localised energy centres generate energy very efficiently and more sustainably than centralised generation systems, providing flexibility to the operator to select the most cost-effective and sustainable energy source to use at a given point in time, with correspondingly meaningful cost and carbon reductions. Over the last couple of years, Vital has further diversified the work we offer and deliver to our clients to replace gas boilers, which are no longer viable options for clients to see the carbon reductions they require from investment. The use of ASHP, GSHP & WSHPs, along with the construction of Solar PV farms have become more prevalent in terms of the work Vital has been winning and delivering.



# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

Typically, an energy centre housing a CHP engine or biomass combustion system generates electricity which can be either utilised by the client via a private wire, sold back to the grid, or a combination of the two. In parallel, the heat created by the generation process is harnessed to produce hot water, which is distributed through insulated district heating pipework to provide heating and hot water for use in clients' buildings. The water then returns to the energy centre to be reheated by the CHP, making efficiency improvements compared to traditional methods of power. Termed co-generation, electricity and heat is produced simultaneously through one fuel source, reducing wasted energy generation by up to 40-45% and correspondingly making significant carbon savings for clients.

Heat pumps are used similarly to CHP engines, in that they generate electricity to be utilised by the client to provide heating, cooling and power to their building in a much more efficient way than a gas boiler. They work by taking latent heat out of the air, ground, and water to heat a building using the refrigeration cycle. This can also be used in district heating systems.

Over the last 12 months, the Company has continued to grow its order book gaining new engineering projects to build or convert energy generation assets to low-carbon sources in the residential, commercial and industrial sectors and securing recurring long-term contracts in the healthcare and local authority sectors as well as private customers during 2022 and 2023. As we continue to grow our business and monitor carbon emissions, it is important to ensure that we define our emissions in the Scope under which they fall.

The Scope is defined per the carbon trust as follows:

- Scope 1 covers direct emissions from owned or controlled sources – such as office buildings and assets under full control of the business.
- Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting Company.
- Scope 3 includes all other indirect emissions that occur in a Company's value chain both upstream and downstream.

Reported emissions and the scopes they fall under are outlined below. It is important to note that Vital is in the early stages of its journey to net zero and is currently undergoing an extensive and detailed Greenhouse Gas Inventory for the financial year covered in this report with a company called Greenly, a carbon footprinting expert, to help us better report our carbon footprint. We are also aiming to have our targets verified by the Science Based Targets Initiative (SBTi) in this financial year. We understand that as our data gathering becomes more sophisticated, our reporting boundary will include a more expansive scope of emissions; however, for this report our reporting boundary currently includes:

- Gas consumption by Vital Energi Utilities Limited and Vital Solutions Limited in their head office facility, Century House, Blackburn (Scope 1).
- Electricity consumption by Vital Energi Utilities Limited and Vital Solutions Limited in their combined office facilities based in their head office facility, Century House, Blackburn, and in the regional offices located in London, Glasgow and Hereford (Scope 2).
- Fuel used in Company vehicles (Scope 1) and business mileage incurred by grey fleet vehicles (Scope 3).
- Fuel used on project sites to run generators when mains electricity is unavailable (Scope 1).

During the financial year 2022/23, Vital Holdings' consumption increased by 549,344.88 kWh, resulting in an increase in carbon emissions of 129.31 tCO<sub>2</sub>e. Vital also experienced an increased headcount at the reporting date of 79 direct employees across the same period; however our intensity ratio fell by 4.72%.

Over the last year, we have made considerable efforts to improve our data recording, competence and accuracy, which has led us to revise our previous year's figures and resulted in an increase in our Fleet emissions figures for the reporting year 2021/2022, which also affects the FY22/23 figure. This is a necessary part of the process of validating our Net Zero Targets with SBTi and improving and developing our Scope 3 reporting techniques.

Despite the increases in consumption and carbon emissions, Vital Energi is making continual improvements in reducing our carbon footprint from the energy consumed; further detail is provided in the remainder of this report. However, the impact of these improvements is not necessarily linear year-on-year and in some years, particularly where we have had a significant increase in headcount at the reporting date such as in FY2022/23, we may see no change or even localised peaks. As well as comparison with the previous year's figures, we will monitor the longer-term trend to ensure that it is downward and that we remain on track for our overall target of net zero by 2035.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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### 1. Facility Management

#### **Gas Consumption**

Based on a year-on-year analysis, in terms of 'consumed energy' gas consumption in our offices has fallen by 3.56% to 537,567.67 kWh. During the same period, Vital Holdings saw a 14.33% increase in the business headcount at the reporting date to 630. This has led to a 15.92% decrease in the intensity ratio which for 2022/23 stands at 0.156 t CO<sub>2</sub>e / employee. This can be attributed to the building control measures placed on the gas boilers used in the Head Office which are:

- Time zones and preheat levels were reviewed so the plant is not starting too early to get the building warm first thing in the morning.
- Using an OAT (outside air temperature) sensor to shut the boilers/pumps down as the OAT temperature increases.
- Control of the variable temperature (VT) valve feeding the office radiator circuit, linking the flow temperature to the OAT, so the valve will modulate based on how warm it is outside. Again this reduces the demand on the boilers.

#### **Electricity Consumption**

During the same period, overall electricity consumption decreased by 0.85% to 824,387.85 kWh. This decrease is due to the completion of switching office lighting to LED lighting. At the same time, the continued use of the renewable tariff at the Head Office decreased carbon emissions by 36.9% or 19.94 tCO<sub>2</sub>e, which together with the increased headcount at the reporting date has resulted in the intensity ratio decreasing by 49.39% to 0.044 tCO<sub>2</sub>e / employee during the 12 months.

Energy use at the Glasgow and London offices remains under the control of the building landlords as these offices are leased. An overall increase in consumption can be attributed to the increase in the size and headcount of the Glasgow office; therefore, increasing the electricity consumption. We also opened a new office in Hereford during the reporting period which has again increased our consumption slightly.

#### **Combined Office Energy Consumption**

Combining the two elements to give an overall picture of performance, energy use (gas and electricity) decreased by 26,916 kWh during the reporting period, a significant decrease in emissions of 23.72 tCO<sub>2</sub>e. Furthermore, due to a 14.33% increase in the business headcount over the year, our overall energy consumption for the offices fell to 0.201 tCO<sub>2</sub>e /employee, a decrease of 26.37% in Vital Energi's intensity ratio when considering just gas and electricity consumption.

### 2. Fleet Management

#### **Total Number of Vehicles**

During FY22/23, Vital Holdings Limited operated a fleet of 315 commercial vehicles, Company cars and grey fleet vehicles, an increase of 26% on FY21/22. This year we saw an increase in both fleet consumption and carbon emissions for the vehicle fleet. Consumption increased by 4.16% or 98,407.71 kWh and emissions increased by 3.35% or 25.50 tCO<sub>2</sub>e. When considering these increases along with the increase in headcount and the increase in the number of vehicles added to the fleet, remarkably, the overall intensity ratio for the fleet decreased by 9.61%.

#### **Company Car & Van Fleet**

It is important to understand the wider context of our business. Most employees who utilise Company vehicles work in the Vital Energi Utilities Limited business and have a nationwide operational remit for completing and managing projects in both urban areas and rural locations. Operating throughout the UK, the Engineering Project and O&M teams work on sites from the top of Scotland to the far southeast and southwest of England and South Wales. Whilst wherever possible we utilise locally based personnel, due to the nature of the projects being delivered and their geographical location, it is not always possible to avoid long journeys by key personnel. Typical examples of this situation are work bids awarded to Engineering Projects North in Scotland, which has utilised personnel who are based in the North West of England to provide specialist support such as SHEQ and commissioning activities etc.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

Vital understands the impact it has on the environment; this is why we are phasing out all vehicles that have the most impact and introducing the use of electric vehicles where reasonably practicable. Improvements have been made by continually replacing diesel and petrol vehicles with electric, PHEV or hybrid vehicles, which is the main reason our intensity ratio has decreased whilst our headcount and size of the fleet has increased. Vital Energi has 83 electric cars, making up 67.5% of the Company's car fleet. We have also introduced 12 fully electric vans in London. As the business continues to grow so will the vehicle fleet; to keep our impact to a minimum we will continue to electrify the fleet. Given our UK-wide business operations, it is difficult to completely electrify the fleet. As mentioned previously, the remoteness of some site locations and the need for some staff members to travel around multiple sites coupled with the current limited range of affordable EVs and recharging challenges, restrict the adoption of EVs for some employees without compromising their job role requirements. To tackle these challenges, the business will develop a car fleet strategy which will set out a target as to when the car fleet will be fully electrified, investigate options to modernise the commercial vehicle fleet and consider incentives to electrify the grey fleet. This strategy will fall in line with the targets already set out in our Carbon Reduction Plan.

#### 3. Construction Site Fuel Consumption

Vital Holdings' final area of reportable energy usage relates to Vital Energi and Solutions project site use of diesel to power onsite generators. The 2022/23 consumption of diesel to fuel temporary generators on the construction sites operated by Vital Energi and Vital Solutions has increased slightly against last year's figures, which is a reflection of the higher turnover of the business and a greater number of project instructions. As a standalone factor, this accounts for 2,335,031.24 kWh (+25.7%) or 122.18 tCO<sub>2</sub>e (+25.7%). The intensity ratio also increased by 9.94% against the previous year's figures.

The increase in intensity is due to where sites are located and the stages of construction; particularly at the Drakelow EfW project. Diesel used for temporary generators is used as a last resort when clients cannot provide a power connection, in such circumstances Vital provides an alternative energy source in the form of diesel-powered generators. As stated previously sites can be in both urban and rural areas, jobs that are in rural areas are much more difficult to connect to the National Grid and therefore diesel-fuelled generators are required. We are continuing to look for alternative fuel sources such as biofuels, solar PV panels and eco-cabin setups to reduce these emissions and have begun to implement these different fuel sources on some sites. We have established a partnership with HSS to source low-carbon alternative solutions for products and equipment, which will be brought into use on our sites over the next financial year.

#### Energy Efficiency Actions

We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. Vital Energi has committed to Net Zero by 2035 and we publish an annual Carbon Reduction Plan on our website. In addition to our long-term net zero target, Vital Energi has also committed to reducing its actual emissions by 50% from 2020 levels by 2030 without using offsets. Furthermore, Vital is developing a sustainability strategy and has recruited a Head of ESG to help develop our sustainability strategy and ESG framework. We are aiming to have our targets verified by SBTi in this financial year by partnering with carbon footprinting expert, Greenly and are also focused on developing our supply chain partnerships and reporting standards. Vital Holdings Limited are committed to responsible energy management and will practice energy efficiency throughout our organisation, wherever it is cost-effective to do so.

#### Measures undertaken through 2022/23 included:

- Ongoing Energy Management, inclusive of the establishment of an Energy Monitoring and Energy Review Procedure.
- The Environmental and Energy Audit programme is established and implemented annually.
- The development of the Environmental & Energy Communications programme such as live workshops with our supply chain partners.
- Environmental & Energy Toolbox Talks (TBTs) and other resources for site teams.
- Renewable Energy tariff utilised at Vital Energi's Head Office Century House, certified by EDF as being sourced from zero-carbon (nuclear-generated) electricity.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### Proposed measures prioritised for consideration and implementation in 2023/2024 are as follows:

- Development of a Sustainability Strategy following an ESG framework, ensuring targets are verified by the Science Based Targets Initiative.
- Greater focus on Environmental and Energy campaigns and employee engagement to increase awareness of individual choices and actions/behaviours (commitments included in the Carbon Reduction Plan targets).
- Further develop the business case for cleaner site fuels, such as biofuels and/ or renewable energy sources such as solar power with battery storage solutions along with the utilisation of eco-cabins on our sites.
- Development of a car fleet strategy.
- Further develop the business case to increase the solar PV array at Vital Energi's Head office, Century House.
- Develop and deliver supply chain workshops – improving carbon reporting focusing on Scope 3 emissions.
- Continuation of Vital Energi's Annual Get Green Week initiative.

#### APPENDICES 1

##### Breakdown of Vital Holdings Energy Use

##### Summary of Total Energy Consumption for Financial Year 2022/2023

July 2020 to June 2021	Figure	Unit
Total emissions covering gas, electricity, and transport	912.84	tCO <sub>2</sub> e
Combustion of gas emissions	98.57	tCO <sub>2</sub> e
Purchased electricity emissions	27.74	tCO <sub>2</sub> e
Vehicle fleet emissions	788.14	tCO <sub>2</sub> e
Transport site fuel emissions	597.02	tCO <sub>2</sub> e
Intensity ratio (total consumption)	2.39	tCO <sub>2</sub> e per employee

Business Use	Electricity (kWh)	Gas (kWh)	Transport (kWh)	TOTAL (kWh)
Vital Energi Utilities Limited	824,387.86	537,567.76	-	1,361,955.62
Transport Fleet	-	-	2,459,366.72	2,459,366.72
Transport Site Fuel	-	-	2,335,031.24	2,335,031.24
<b>TOTAL</b>	<b>824,387.86</b>	<b>537,567.76</b>	<b>4,794,397.96</b>	<b>6,156,353.58</b>

##### Year-on-Year Comparison Data

Energy Use	Current reporting period July'21-June'22 (Average employee headcount = 551)			Current reporting period July 22-June'23 (Average employee headcount = 630)			IR Change (%)	
	kWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e/employee	kWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e/employee		
Total emissions from gas	557,403.00	102.35	0.186	537,567.76	98.57	0.156	- 15.92%	↓
Total emissions from electricity	831,467.06	47.68	0.087	824,387.86	27.74	0.044	- 49.39%	↓
Total emissions from fleet vehicles	2,360,959.01	762.59	1.384	2,459,366.72	788.14*	1.251	- 9.61%	↓
Total emissions from site fuels	1,857,179.63	474.84	0.862	2,335,031.24	597.02**	0.948	9.94%	↑
Total Energy Use	5,607,008.70	1,387.64	2.52	6,156,353.58	1,511.47	2.39	- 4.72%	↓

## VITAL HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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\* Fleet Vehicles split out for 22-23 are as follows

- Car Fleet – 180.06 tCO<sub>2</sub>e (23%)
- Van Fleet – 418.08 tCO<sub>2</sub>e (53%)
- Grey Fleet – 190.00 tCO<sub>2</sub>e (24%)

\*\* 16.70% of the 597.02 tCO<sub>2</sub>e emitted as site fuel usage was consumed at the Drakelow Site (99.75 tCO<sub>2</sub>e). In the 21-22 report Drakelow's site fuel consumption accounted for 31.48% (149.49 tCO<sub>2</sub>e), which represents a significant decrease.

On behalf of the board



.....  
Mr G J Fielding  
**Director**

Date: 01/02/24  
.....

# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

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The directors present their annual report and financial statements for the year ended 30 June 2023.

#### Principal activities

The principal activity of the Company and Group is disclosed in the Group's strategic report.

#### Results and dividends

The results for the year are set out on page 19.

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

#### Directors

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

Mr G J Fielding  
Mr I M Whitelock  
Mr N Gosling  
Mr G Le Sueur  
Mrs S A Fielding  
Ms C Parker

#### Qualifying third party indemnity provisions

The Group and Company have made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Research and development

The Group and Company are a leading innovator in efficient energy provision and a catalyst for the development of new and sustainable ways of supplying the heat and power the UK needs while at the same time contributing towards the government's published emission reduction targets and net zero strategy.

As such the Group and Company are engaged in continuous research and development activities across numerous projects including the design and development of a technologically advanced energy from waste power plant.

#### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Employee involvement

The Group and Company's policy is to consult and discuss with employees at meetings matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

#### Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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### **Matters of strategic importance**

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. This applies to S172 statement, carbon reporting and future developments.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

### **Financial risk management objectives and policies**

The Group and Company finance operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings or leasing arrangements.

The management objectives are to:

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the Group's and the Company's exposure to fluctuating interest rates when seeking borrowing; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Group and Company's trading activities.

Where appropriate, funds are invested in sterling bank deposit accounts and borrowings are all obtained from standard bank loan accounts. As such, there is little price risk exposure.

Where appropriate, funds are held primarily in short-term variable rate deposit accounts. The directors believe that this gives them flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

On behalf of the board



.....  
Mr G J Fielding  
Director

01/02/24  
Date: .....

## **VITAL HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 30 JUNE 2023**

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The directors are responsible for preparing the Strategic Report and the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED**

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### **Opinion**

We have audited the financial statements of Vital Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2023 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the Company balance sheet, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent 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.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and parent Company operates in and how the Group and parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and performed procedures including a review of board minutes and performed a search for notices published by the Health and Safety Executive.

The group audit engagement team identified the risk of management override of controls and judgments and estimates made in the valuation, existence and cut off of amounts recoverable on contracts, work in progress and amounts recognised in revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- challenging judgments and estimates applied in the valuation of amounts recoverable on contracts and amounts recognised in revenue by reviewing contract meeting minutes; reviewing post year end performance; and comparing outturn of projects with estimates made in preparing the previous year's financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*Michael Oates*

Michael Oates CA (Senior Statutory Auditor)  
 For and on behalf of RSM UK Audit LLP, Statutory Auditor  
 Chartered Accountants  
 Bluebell House  
 Brian Johnson Way  
 Preston  
 Lancashire, PR2 5PE

02/02/24

**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £	2022 £
<b>Turnover</b>	<b>3</b>	224,441,385	209,037,791
Cost of sales		(193,209,909)	(181,577,475)
<b>Gross profit</b>		<b>31,231,476</b>	<b>27,460,316</b>
<i>Analysis of administrative expenses:</i>			
Administrative expenses - non-exceptional		(20,610,363)	(18,261,959)
Administrative expenses - exceptional items	<b>4</b>	(427,234)	(169,414)
Share-based payment charge	<b>28</b>	(648,186)	(330,537)
Administrative expenses		(21,685,783)	(18,761,910)
Other operating income		1,164,489	756,934
<b>Operating profit</b>	<b>8</b>	<b>10,710,182</b>	<b>9,455,340</b>
Interest receivable and similar income	<b>10</b>	624,985	291,569
Interest payable and similar expenses	<b>11</b>	(6,498,602)	(5,226,428)
<b>Profit before taxation</b>		<b>4,836,565</b>	<b>4,520,481</b>
Tax on profit	<b>12</b>	(1,654,346)	(1,433,005)
<b>Profit for the financial year</b>		<b>3,182,219</b>	<b>3,087,476</b>
Profit for the financial year is attributable to:			
- Owners of the parent Company		5,861,573	4,857,772
- Non-controlling interests		(2,679,354)	(1,770,296)
		<b>3,182,219</b>	<b>3,087,476</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent Company		5,861,573	4,857,772
- Non-controlling interests		(2,679,354)	(1,770,296)
		<b>3,182,219</b>	<b>3,087,476</b>

**VITAL HOLDINGS LIMITED****CONSOLIDATED BALANCE SHEET****AS AT 30 JUNE 2023**

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Goodwill	13		276,375		305,945
Other intangible assets	13		5,354,656		5,266,400
Total intangible assets			5,631,031		5,572,345
Tangible assets	14		99,220,217		77,593,692
Investments	15		4,544,564		4,548,899
			109,395,812		87,714,936
<b>Current assets</b>					
Stocks	18	8,961,377		5,763,938	
Debtors falling due after more than one year	19	6,013,602		6,311,757	
Debtors falling due within one year	19	66,890,316		56,416,351	
Cash at bank and in hand		63,386,353		38,973,680	
			145,251,648		107,465,726
<b>Creditors: amounts falling due within one year</b>	20	(131,628,185)		(85,462,634)	
<b>Net current assets</b>			13,623,463		22,003,092
<b>Total assets less current liabilities</b>			123,019,275		109,718,028
<b>Creditors: amounts falling due after more than one year</b>	21		(81,715,050)		(71,013,292)
<b>Provisions for liabilities</b>	24		(377,691)		-
<b>Net assets</b>			40,926,534		38,704,736
<b>Capital and reserves</b>					
Called up share capital	26	233,002		233,002	
Other reserve	28	745,722		97,536	
Other reserves	28	(2,664,182)		(1,055,575)	
Profit and loss reserves	28	46,649,567		40,787,994	
<b>Equity attributable to owners of the parent Company</b>			44,964,109		40,062,957
<b>Non-controlling interests</b>			(4,037,575)		(1,358,221)
			40,926,534		38,704,736

Company Registration No. 06395526

# VITAL HOLDINGS LIMITED

## CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2023

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The financial statements were approved by the board of directors and authorised for issue on 01/02/24 ..... and are signed on its behalf by:



.....  
Mr G J Fielding

Director

Company Registration No. 06395526

**VITAL HOLDINGS LIMITED****COMPANY BALANCE SHEET****AS AT 30 JUNE 2023**

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Intangible assets	13		26,250		-
Investments	15		11,458,927		10,810,741
			<u>11,485,177</u>		<u>10,810,741</u>
<b>Current assets</b>					
Debtors falling due after more than one year	19	38,113,338		1,280,619	
Debtors falling due within one year	19	57,773		29,788,242	
Cash at bank and in hand		301,567		100,000	
		<u>38,472,678</u>		<u>31,168,861</u>	
<b>Creditors: amounts falling due within one year</b>	20	(54,737)		(29,878,311)	
<b>Net current assets</b>			<u>38,417,941</u>		<u>1,290,550</u>
<b>Total assets less current liabilities</b>			49,903,118		12,101,291
<b>Creditors: amounts falling due after more than one year</b>	21		(41,286,073)		(2,497,035)
<b>Net assets</b>			<u><u>8,617,045</u></u>		<u><u>9,604,256</u></u>
<b>Capital and reserves</b>					
Called up share capital	26		233,002		233,002
Other reserve	28		11,225,721		10,577,535
Other reserves	28		(2,659,807)		(1,051,200)
Profit and loss reserves	28		(181,871)		(155,081)
<b>Total equity</b>			<u><u>8,617,045</u></u>		<u><u>9,604,256</u></u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares Group accounts. The Company's loss for the year was £26,790 (2022: £165,788 loss).

The financial statements were approved by the board of directors and authorised for issue on 01/02/24 and are signed on its behalf by:



Mr G J Fielding  
Director

**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

		Share capital	Other reserve	Other reserves	Profit and loss reserves	Total controlling interest	Non- controlling interest	Total
	Notes	£	£	£	£	£	£	£
<b>Balance at 1 July 2021</b>		233,002	(233,001)	(934,825)	35,930,222	34,995,398	412,075	35,407,473
<b>Year ended 30 June 2022:</b>								
Profit and total comprehensive income for the year		-	-	-	4,857,772	4,857,772	(1,770,296)	3,087,476
Own shares acquired		-	-	(125,000)	-	(125,000)	-	(125,000)
Share-based payment reserve	28	-	330,537	-	-	330,537	-	330,537
Other movements		-	-	4,250	-	4,250	-	4,250
<b>Balance at 30 June 2022</b>		233,002	97,536	(1,055,575)	40,787,994	40,062,957	(1,358,221)	38,704,736
<b>Year ended 30 June 2023:</b>								
Profit and total comprehensive income for the year		-	-	-	5,861,573	5,861,573	(2,679,354)	3,182,219
Own shares acquired		-	-	(1,608,630)	-	(1,608,630)	-	(1,608,630)
Share-based payment reserve	28	-	648,186	-	-	648,186	-	648,186
Other movements		-	-	23	-	23	-	23
<b>Balance at 30 June 2023</b>		233,002	745,722	(2,664,182)	46,649,567	44,964,109	(4,037,575)	40,926,534



**VITAL HOLDINGS LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Share capital £	Other reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2021</b>		233,002	10,246,998	(930,450)	10,707	9,560,257
<b>Year ended 30 June 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(165,788)	(165,788)
Own shares acquired		-	-	(125,000)	-	(125,000)
Share-based payment reserve	28	-	330,537	-	-	330,537
Other movements		-	-	4,250	-	4,250
<b>Balance at 30 June 2022</b>		233,002	10,577,535	(1,051,200)	(155,081)	9,604,256
<b>Year ended 30 June 2023:</b>						
Loss and total comprehensive income for the year		-	-	-	(26,790)	(26,790)
Own shares acquired		-	-	(1,608,630)	-	(1,608,630)
Share-based payment reserve	28	-	648,186	-	-	648,186
Other movements		-	-	23	-	23
<b>Balance at 30 June 2023</b>		233,002	11,225,721	(2,659,807)	(181,871)	8,617,045

**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	34,015,058		20,344,148	
Interest paid		(133,399)		(1,255,950)	
Income taxes paid		(1,199,902)		(992,876)	
<b>Net cash inflow from operating activities</b>		<b>32,681,757</b>		<b>18,095,322</b>	
<b>Investing activities</b>					
Purchase of intangible fixed assets		(239,920)		(261,995)	
Other movement on intangible assets		6,070		-	
Purchase of tangible fixed assets		(22,036,450)		(39,514,779)	
Proceeds on disposal of tangible fixed assets		1,644		-	
Issue of loans		(1,240,000)		(1,725,000)	
Other movement on unlisted investments		4,335		-	
Purchase of fixed asset investments		-		(454,335)	
Interest received		643,838		11,275	
<b>Net cash used in investing activities</b>		<b>(22,860,483)</b>		<b>(41,944,834)</b>	
<b>Financing activities</b>					
Purchase of own shares		(1,608,607)		(120,750)	
Net proceeds from debentures		4,511,426		7,598,873	
Repayment of hire purchase		(299,658)		-	
Repayment of bank loans		3,238,573		(186,604)	
Proceeds from government grants		8,840,000		-	
Proceeds of new loans		-		7,155,000	
<b>Net cash generated from financing activities</b>		<b>14,681,734</b>		<b>14,446,519</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>24,503,008</b>		<b>(9,402,993)</b>	
Cash and cash equivalents at beginning of year		38,883,345		48,286,338	
<b>Cash and cash equivalents at end of year</b>		<b>63,386,353</b>		<b>38,883,345</b>	
<b>Relating to:</b>					
Cash at bank and in hand		63,386,353		38,973,680	
Bank overdrafts included in creditors payable within one year		-		(90,335)	

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies

##### Company information

Vital Holdings Limited ("the Company") is a private Company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The Group consists of Vital Holdings Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are disclosed in the Strategic Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis;

- Section 7 'Statement of Cash Flows'- Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

##### Basis of consolidation

The consolidated financial statements incorporate those of Vital Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group Companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Total comprehensive income and other movements on reserves are split between owners of the parent Company and non-controlling interests according to the interest held. Non-controlling interests are recorded separately from equity attributable to owners of the parent Company on the consolidated balance sheet.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies (Continued)

##### Going concern

In assessing that the entity is a going concern, the directors have taken into account financial forecasts for the year ending June 2024 and forecasts for the period ending June 2025. The forecasts indicate a positive view of sales, profitability and cash and are underpinned by a detailed order book summary and prospect list which have allowed the directors to predict the outturn for the year ending 2024 with some accuracy, as the majority of that sales forecast consists of secured orders. A prospect list has been used by business unit directors to predict the sales then to the period ending June 2028.

The global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation continuing to be higher than seen in several decades. This has created uncertainties and some delays in new project award decisions. However, the current financial year is benefitting from a high level of orders and prospects as a result of the introduction of the Public Sector Decarbonisation Scheme, and a general focus on decarbonisation.

The directors have taken into account these factors in their assessment of the Company's ability to continue as a going concern. They believe that the Company has a strong order book and a strong track record of delivering projects. They are also confident that the government's commitment to decarbonisation will continue to provide the Company with a long-term pipeline of work.

Taking into account potential sensitivities, the directors have satisfied themselves that there is sufficient forecast liquidity to meet foreseeable issues in the forecast period to June 2025. The review has also been underpinned by the analysis of the Company's borrowing facilities and the directors are satisfied that appropriate and committed financing arrangements are in place.

The Company itself made a loss during the year of £26,790 however Vital Energi Utilities Limited, a subsidiary undertaking, has agreed to provide continued financial support and a letter of support was in place at the year end.

The directors have satisfied themselves that Vital Energi Utilities Limited is in a position to provide this support and further details of the assessment of going concern for Vital Energi Utilities Limited can be seen in its financial statements, which are available from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

On this basis, the directors consider it appropriate to prepare the Group and Company financial statements on a going concern basis as the review conducted suggests the business will meet its obligations as they fall due for a period of at least 12 months from the approval of these financial statements.

##### Turnover

The turnover shown in the profit and loss account represents the value of all goods and services provided during the year, at selling price exclusive of Value Added Tax. Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

Turnover from ongoing maintenance and project management services is recognised as the service is provided.

In the case of other revenue, turnover is recognised at the point at which the Company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer, which is usually on dispatch of the goods.

For construction contracts, turnover represents the value of work done in the year and is determined by reference to the stage of completion of each contract.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies (Continued)

##### Construction contracts

Profit on construction contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Revenue derived from the variations on contracts is only recognised when they have been accepted by the customer.

Full provision is made for losses on all contracts in the year in which they are foreseen.

Amounts recoverable on contracts are amounts not yet invoiced for which work has been completed but not yet certified. Payments received on account are payments received in advance of the work being undertaken.

##### Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### Intangible fixed assets - goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life which is the period that it is expected to provide economic benefit to the group, in this case of 20 years.

Provision is made for any impairment in its value. The useful economic life is the expected period over which the Company expects to derive an economic benefit, and is reviewed on an annual basis.

In addition, an impairment review is also performed where there are indicators that goodwill has been impaired, such as income or profits deriving from the acquired business which gave rise to goodwill being below original expectations.

##### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangibles consist of accreditation costs which are stated at cost less amortisation. Cost represents purchase price together with any incidental costs of acquisition.

Internally generated intangibles are stated at cost less amortisation. Cost represents the cost incurred by the group to develop the asset.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Development costs	5% - 33% straight line
Other intangibles	40% straight line
Lease premium	30 years straight line once in operation

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies (Continued)

No amortisation has been charged in the year on the lease premium as the associated asset remains under construction as set out in the financial statements of the Company's subsidiary, Vital Energi (Drakelow) Limited.

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost represent purchase price together with any incidental costs of acquisition. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	5% - 25% straight line
Fixtures, fittings and equipment	10% - 33% straight line

Assets under the course of construction are depreciated when completed and ready for use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Fixed asset investments**

In the separate accounts of the Company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 June.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the Group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the Group.

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the Group has an obligation or has made payments on behalf of the associate.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies (Continued)

##### **Impairment of fixed assets**

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

##### **Stocks**

Work in progress is stated at the lower of cost and realisable value less costs to complete. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the work in progress to its present condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

##### **Unlisted investments**

Unlisted investments over which the Company has no significant influence, joint control or control are initially measured at transaction price. Transaction price includes transaction costs, except where investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Unlisted investments are measured at fair value through profit or loss, or cost less impairment if fair value cannot be measured reliably.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, 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, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, amounts owed to contract customers, debenture loans, other borrowings, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies (Continued)

##### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### Retirement benefits

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year. The assets of the scheme are held separately from those of the Group in an independently administered fund.

##### Share-based payments

The Company participates in share-based payment arrangements granted to its employees and employees of its subsidiaries. The Company has elected to recognise and measure its share-based payment expenses on the basis of a reasonable allocation of the expenses for the Group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the Company's employees compared to the total unvested options granted under the Group plan to be a reasonable basis for allocating the expenses.

The expenses in relation to options over the Company's shares granted to employees of a subsidiary is recognised by the Company as a capital contribution, and presented as an increase in the Company's investment in that subsidiary.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payments. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

##### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 1 Accounting policies (Continued)

##### **Government grants**

Government grants are recognised on the accruals basis.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the prior year, related to the government's Coronavirus Job Retention Scheme. The government grant income received during the current and prior year relates to the government's Heat Networks Investment Project (HNIP). This is included in other income in the financial statements.

The grant specified performance conditions and was recognised in income when the performance conditions were met, which is the month in which the employees were paid or in respect of HNIP, the grant income was recognised in the income statement as costs were incurred. A grant received before the recognition criteria was satisfied was recognised as a liability and was held within accruals and deferred income.

##### **Employee benefit trusts**

The Group has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the Group retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the Group until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the Group on the basis of employees' past services to the business and the Group can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the Group are charged to the profit and loss account in the period to which they relate.

##### **Captive insurance scheme**

The Group self-insures potential insurance claims through a captive insurance scheme. It has invested in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell Company and has de facto control of the assets and liabilities of the cell. The Group accounts for the cell as an intermediate payment arrangement, recording the assets and liabilities, expenses and any investment income of its cell as its own, and payments made into the scheme are eliminated. Cash held by the scheme is separately identified in note 34.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements.

#### **Share options**

The Black Scholes option pricing model is used to determine the fair value of options granted. A number of estimates and assumptions are used in the model including a risk free interest rate, a dividend yield and volatility in order to determine the weighted average value of the options included. Details of the share options are given in note 7.

#### **Investments and other loans receivable**

The directors have considered the carrying value of investments at the period end for indicators of impairment in line with the requirement of FRS102 and have concluded that an impairment test is not required as at 30 June 2023. The overall strategy of the Vital Energi Group of Companies is to progressively move from a mostly 'Design and Build' approach to one where there is a significant proportion of the business operating as an 'Energy Asset Owner', with the underlying principle to secure long-term energy supply contracts – typically 25-40 years. Whilst, initially, capital intensive, this will enhance the predictability of the Company's profitability, mitigate the market variability of the current Project based work and, therefore, lead to an enhanced value for the Group. The investments currently being undertaken by Vital, whether in terms of equity or loans, are in place to support this strategy; with the ultimate goal of being the long-term energy supplier for each of the projects. There may be non-energy-related benefits from holding equity stakes in some of the projects, but these are seen as secondary to the main strategy. Whilst none of the projects are close to fruition, it is believed that current progress is sufficient to support their inclusion in the balance sheet. The directors review all its investments and loans on a monthly basis and is an active and leading partner in all but one of the projects. With regard to this particular project, close regular contact is kept with senior individuals of the holding Company and the loan is reviewed following those updates (and any other updates of which the business becomes aware). Based on these on-going assessments, is not believed that, at present, the investments and loans should not be subject to any impairment provision.

#### **Construction contracts**

In producing the financial statements, the directors have taken judgements over the profit to be taken on Construction contracts. Profit is taken as the work is carried out where the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion by the year end which can sometimes differ to the assessments of external Quantity Surveyors. Full provision is made for losses on all contracts in the year in which they are foreseen.

#### **Revenue recognition**

The Group reviews the nature of its contracts to assess whether they are acting as a Principal or an Agent in the transaction. Where the Group concludes that they do not bear any price, inventory or credit risk in the transaction, the agreed fixed fees are recognised as Revenue (rather than the gross amounts transacted).

#### **Fixed asset impairment**

In producing the financial statements the directors have estimated the value in use of a material item of plant and machinery and have satisfied themselves that no impairment of the asset exists.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Other borrowings

A loan of £7.155m was received during the period ended 30 June 2022. The loan attracts an interest rate of 0.01%. Having considered Section 11 of FRS 102, the Directors have assessed this as a financing transaction and as such have measured the liability at the present value of the future payments discounted at a market rate of interest which was determined to be 5%, taking into account the rates on the funding currently utilised by the Company and the rates available on Government bonds.

### 3 Turnover and other income

An analysis of the Group's turnover is as follows:

	2023 £	2022 £
<b>Turnover analysed by class of business</b>		
Energy generation and distribution schemes	224,441,385	209,037,791

	2023 £	2022 £
<b>Other operating income and interest income</b>		
Interest income	624,985	291,569
Grants received	771,499	164,976
RDEC	392,990	591,958

	2023 £	2022 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	224,441,385	209,037,791

### 4 Exceptional item

	2023 £	2022 £
<b>Expenditure</b>		
Exceptional costs	427,234	169,414
	427,234	169,414

Included within exceptional costs in the current year is £160,323 in respect of redundancy costs, £125,736 in respect of the retired Chief Financial Officer, £11,645 in respect of CSOP accounting costs and £129,530 in respect of Santander re-banking costs. The directors consider these costs to be non-recurring due to the fact they are one off in nature. As such, the costs of the overlap period have been classified as exceptional.

Included within exceptional costs in the prior year was £88,414 in respect of the retired Chief Financial Officer who exited office during the prior year, £55,000 in respect of fees for recruiting the new Chief Financial Officer, and £26,000 in respect of professional fees for the Company's Joint Share Ownership Plan. The directors consider these costs to be non-recurring due to the fact that there was a period of time where two Chief Financial Officers were in office. As such, the costs of the overlap period have been classified as exceptional.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Number of direct staff	401	409	-	-
Number of indirect staff	182	129	1	1
Total	583	538	1	1

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	34,914,991	31,335,435	36,000	36,000
Social security costs	4,151,112	3,625,432	3,825	3,823
Pension costs	1,674,577	1,237,105	-	-
	40,740,680	36,197,972	39,825	39,823

Wages and salaries include £648,186 (2022: £330,537) relating to equity-settled share-based payments.

#### 6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	930,518	937,917
Company pension contributions to defined contribution schemes	90,640	65,457
	1,021,158	1,003,374

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2022 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	245,400	265,650
Company pension contributions to defined contribution schemes	20,650	-

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 7 Share-based payment transactions

During the year ended 30 June 2023, the following share based payment remuneration plans were in place.

Group	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 July 2022	5,410,614	4,250	0.07	-
Granted	3,431,270	5,410,614	0.07	0.07
Exercised	-	(4,250)	-	1.00
Outstanding at 30 June 2023	<u>8,841,884</u>	<u>5,410,614</u>	<u>-</u>	<u>-</u>
Exercisable at 30 June 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**The Vital Energi Utilities Enterprise Management Incentive Plan between The Vital Energi Utilities Employee Benefit Trust and certain officials of the Company:**

The options were exercised during the prior year and had an exercise price of £1.00. No charge has previously been recognised for these options as the amount involved was not considered to be material.

**The Company Share Option Plans between Vital Holdings Limited and certain officials of the Group:**

The share based payment expenses relate to employees in one of the company's trading subsidiaries.

The options outstanding for the CSOP at 30 June 2023 had an exercise price of £0.07 (2022: £0.07), and a remaining contractual life of 4 years (2022: 5 years).

The options outstanding for the JSOP at 30 June 2023 had an exercise price of £0.07, and a remaining contractual life of 5 years.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability; exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****8 Operating profit**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(50,500)	(93,809)
Research and development costs	526,704	330,171
Government grants	(771,499)	(164,976)
Depreciation of owned tangible fixed assets	758,176	1,267,708
Depreciation of tangible fixed assets held under finance leases	63,127	-
Profit on disposal of tangible fixed assets	(454)	-
Amortisation of intangible assets	175,164	134,307
Operating lease charges	2,687,045	2,504,797
RDEC	(392,990)	(591,958)
	<u>                    </u>	<u>                    </u>

**9 Auditor's remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Group and Company	17,729	9,500
Audit of the financial statements of the Company's subsidiaries	72,485	49,000
	<u>                    </u>	<u>                    </u>
	90,214	58,500
	<u>                    </u>	<u>                    </u>
<b>For other services</b>		
Taxation compliance services	22,350	15,600
All other non-audit services	51,810	22,610
	<u>                    </u>	<u>                    </u>
	74,160	38,210
	<u>                    </u>	<u>                    </u>

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023****10 Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	131,165	3,831
Other interest income	493,820	287,738
	<u>624,985</u>	<u>291,569</u>
<b>Total income</b>	<u><u>624,985</u></u>	<u><u>291,569</u></u>

**11 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	200,963	2,943
Interest on finance leases and hire purchase contracts	125,262	-
Other interest	6,172,377	5,223,485
	<u>6,498,602</u>	<u>5,226,428</u>
<b>Total finance costs</b>	<u><u>6,498,602</u></u>	<u><u>5,226,428</u></u>

Included within other interest is interest of £6,172,377 (2022: £5,223,485) charged in respect of a debenture, the terms of which are disclosed in note 22.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 12 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	895,431	2,651,216
Adjustments in respect of prior periods	(1,496,802)	52,855
Total current tax	(601,371)	2,704,071
<b>Deferred tax</b>		
Origination and reversal of timing differences	437,144	(1,350,915)
Adjustment in respect of prior periods	1,818,573	79,849
Total deferred tax	2,255,717	(1,271,066)
Total tax charge	1,654,346	1,433,005

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	4,836,565	4,520,481
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	991,496	858,891
Tax effect of expenses that are not deductible in determining taxable profit	355,766	882,274
Adjustments in respect of prior years	(1,496,802)	52,855
Permanent capital allowances in excess of depreciation	(8,679)	(86)
Research and development tax credit	(80,547)	-
Other permanent differences	(20,878)	(116,557)
Deferred tax adjustments in respect of prior years	1,818,573	79,849
Adjust deferred tax to average rate	78,757	(324,221)
Adjustments to brought forward values	16,660	-
Taxation charge	1,654,346	1,433,005

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 12 Taxation (Continued)

The standard rate of tax applied to reported profit on ordinary activities is 25% (2022 – 19%). The effective tax rate in the period is 20.5% as a result of the timing of the application of The Finance Act 2021. The Finance Act 2021, which was substantively enacted on 24 May 2021, created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023.

The current tax adjustment in respect of prior years reflect the change in tax treatment for interest payable on a debenture loan within another group entity as a non-trade loan relationship rather than as pre-trading revenue expenditure. Non-trade loan relationship deficits were group relieved within the group at the filling of the tax return, which was subsequent to the issuance of the prior year financial statements. This is therefore shown as an adjustment in respect of prior years above.

The deferred tax adjustment in respect of prior years reflect the change in tax treatment for interest payable on the debenture loan as a non-trade loan relationship rather than as pre-trading revenue expenditure. Non-trade loan relationship deficits were group relieved within the group at the filling of the tax return, which was subsequent to the issuance of the prior year financial statements. This is therefore shown as an adjustment in respect of prior years above.

#### 13 Intangible fixed assets

Group	Goodwill	Software	Development costs	Other intangibles	Lease premium	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 July 2022	533,787	72,183	1,160,444	1,139,546	3,727,716	6,633,676
Additions - internally developed	-	30,000	195,547	-	-	225,547
Additions - separately acquired	-	14,373	-	-	-	14,373
Disposals	-	-	(258,175)	-	-	(258,175)
Other movement	(6,070)	-	-	-	-	(6,070)
At 30 June 2023	527,717	116,556	1,097,816	1,139,546	3,727,716	6,609,351
<b>Amortisation and impairment</b>						
At 1 July 2022	227,842	36,368	536,118	261,003	-	1,061,331
Amortisation charged for the year	23,500	15,235	89,791	46,638	-	175,164
Disposals	-	-	(258,175)	-	-	(258,175)
At 30 June 2023	251,342	51,603	367,734	307,641	-	978,320
<b>Carrying amount</b>						
At 30 June 2023	276,375	64,953	730,082	831,905	3,727,716	5,631,031
At 30 June 2022	305,945	35,815	624,326	878,543	3,727,716	5,572,345

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 13 Intangible fixed assets (Continued)

Company	Software £
<b>Cost</b>	
Additions - internally developed	30,000
At 30 June 2023	30,000
<b>Amortisation and impairment</b>	
Amortisation charged for the year	3,750
At 30 June 2023	3,750
<b>Carrying amount</b>	
At 30 June 2023	26,250
At 30 June 2022	-

The other movement of £6,070 relates to a refund of stamp duty incurred on the share purchase of Eco Park Developments Limited which took place in the prior year.

#### 14 Tangible fixed assets

Group	Assets under construction £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 July 2022	75,175,626	7,813,514	3,470,090	86,459,230
Additions	21,796,663	295,357	356,998	22,449,018
Disposals	-	(4,649,485)	(575,500)	(5,224,985)
Transfers	(2,204,978)	2,204,978	-	-
At 30 June 2023	94,767,311	5,664,364	3,251,588	103,683,263
<b>Depreciation and impairment</b>				
At 1 July 2022	-	6,390,170	2,475,368	8,865,538
Depreciation charged in the year	-	324,938	496,365	821,303
Eliminated in respect of disposals	-	(4,648,669)	(575,126)	(5,223,795)
At 30 June 2023	-	2,066,439	2,396,607	4,463,046
<b>Carrying amount</b>				
At 30 June 2023	94,767,311	3,597,925	854,981	99,220,217
At 30 June 2022	75,175,626	1,423,344	994,722	77,593,692

The Company had no tangible fixed assets at 30 June 2023 or 30 June 2022.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 14 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Plant and machinery	2,554,419	2,204,978	-	-

#### 15 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	16	-	-	11,458,927	10,810,741
Unlisted investments		4,544,564	4,548,899	-	-
		4,544,564	4,548,899	11,458,927	10,810,741

#### Movements in fixed asset investments

Group	Unlisted investments £
<b>Cost</b>	
At 1 July 2022	4,548,899
Other movement	(4,335)
At 30 June 2023	4,544,564
<b>Carrying amount</b>	
At 30 June 2023	4,544,564
At 30 June 2022	4,548,899

The other movement of £4,335 within unlisted investments relates to a refund of stamp duty incurred on the share purchase of NLA Europe Limited which took place in the prior year.

The investment in NLA Europe Limited now stands at 10% directly and 17.5% indirectly through the 15% ownership of the Chiltern Management Group Limited. It is still being treated as an unlisted investment as the Group does not have significant influence over this Company.

The Group has a 21.83% share in Hull Eco Park Limited. This has been treated as an investment on consolidation as, despite the shareholding exceeding 20%, the directors do not consider the Group to have significant influence.

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****15 Fixed asset investments (Continued)****Movements in fixed asset investments  
Company****Shares in  
group  
undertakings  
£****Cost or valuation**

At 1 July 2022

10,810,741

Capital contribution

648,186

At 30 June 2023

11,458,927

**Carrying amount**

At 30 June 2023

11,458,927

At 30 June 2022

10,810,741

During the year there was a capital contribution of £648,186 to Vital Energi Limited which represents the value of share options granted in Vital Holdings Limited to employees employed by the subsidiary Vital Energi Utilities Limited.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 16 Subsidiaries

These financial statements are separate Company financial statements for Vital Holdings Limited.

Details of the Company's subsidiaries at 30 June 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
CEF and NHM ESCo Limited**	Note 1	Non-trading	Ordinary	-	100.00
H2010 ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Hepworth Place ESCo Limited (formerly St Mark's Square ESCo Limited)*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Movement ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Paintworks ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Vital Energi Generation Limited	Note 1	Non-trading	Ordinary	75.00	-
Vital Energi Solutions Limited	Note 1	Design, build and operation/maintenance of NHS Hospital Energy Centre and performance contracts	Ordinary	100.00	-
Vital Energi Trustee Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Energi Utilities Limited	Note 1	Supply and installation of decentralised energy generation and distribution schemes	Ordinary	100.00	-
Vital Community Energi Limited (formerly Vital Holdings (Residential ESCo) Limited)	Note 1	Dormant holding company	Ordinary	100.00	-
Vital Energi (Drakelow) Limited***	Note 1	Design, build and operation of energy plant	Ordinary	-	75.00
Biomass Power Kochi Limited*****	Note 1	Developer of a waste to energy plant	Ordinary	-	100.00
Eco Park Developments Limited****	Note 2	Investor in the Yorkshire Energy Park	Ordinary	-	50.50
Vital Holdings Investments Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital SGN Investments Limited*****	Note 1	Non-trading	Ordinary	-	100.00
Vital Chiltern Investments Limited*****	Note 1	Non-trading	ordinary	-	100.00
Vital Energi (Bilsthorpe) Limited**	Note 1	Non-trading	Ordinary	-	100.00
Kidbrooke ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Plumstead West Thamesmead ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 16 Subsidiaries (Continued)

Note 1: Century House, Roman Road, Blackburn, Lancashire, BB1 2LD

Note 2: Owen House, Priory Park, Hessle, East Yorkshire, HU13 9PD

\*held as an investment in Vital Community Energi Limited

\*\*held as an investment in Vital Energi Solutions Limited

\*\*\*held as an investment in Vital Energi Generation Limited

\*\*\*\*held as an investment in Vital Chiltern Investments Limited

\*\*\*\*\*held as an investment in Vital Holdings Investments Limited

\*\*\*\*\*held as an investment in Vital Energi Utilities Limited

The Company's voting rights in respect of each subsidiary are held in the same proportion as the company's share of the ordinary share capital of each subsidiary. All of the above companies are incorporated in England & Wales. Vital Community Energi Limited, Biomass Power Kochi Limited, Hepworth Place Esco Limited (formerly known as St Mark's Square ESCo Limited), Vital Holdings Investments Limited, Kidbrooke ESCo Limited, Plumstead West Thamesmead ESCo Limited, and Vital Chiltern Investments Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. Further details in relation to this can be found in note 31.

### 17 Associates

Details of associates at 30 June 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
G.J. Eco Power Private Limited* Note 1		Waste Management	Ordinary	-	26

Note 1: 3rd Floor, Sarayu Complex, Seaport Airport Road, Kakkanad, Kochi, Kerala 682030, India.

\*held as an investment in Vital Energi Utilities Limited

The results of the associates have not been included within the consolidated figures as the impact is not considered material.

### 18 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Work in progress	8,961,377	5,763,938	-	-

During the year, an impairment loss was recognised in a Group Company in respect of the write off of stock of £105,580 (2022: £149,108) within cost of sales. No earlier stock write downs have been reversed during the current, or preceding year.

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****19 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	29,816,700	25,813,995	-	-
Gross amounts owed by contract customers	32,151,879	26,383,579	-	-
Corporation tax recoverable	626,455	-	-	-
Amounts owed by group undertakings	-	-	55,083	29,777,242
Other debtors	1,914,963	2,458,060	2,690	11,000
Prepayments and accrued income	2,380,319	1,760,717	-	-
	<u>66,890,316</u>	<u>56,416,351</u>	<u>57,773</u>	<u>29,788,242</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	38,113,338	1,280,619
Other debtors	6,013,602	4,433,731	-	-
	<u>6,013,602</u>	<u>4,433,731</u>	<u>38,113,338</u>	<u>1,280,619</u>
Deferred tax asset (note 24)	-	1,878,026	-	-
	<u>6,013,602</u>	<u>6,311,757</u>	<u>38,113,338</u>	<u>1,280,619</u>
<b>Total debtors</b>	<u>72,903,918</u>	<u>62,728,108</u>	<u>38,171,111</u>	<u>31,068,861</u>



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 19 Debtors (Continued)

##### Group

Included in gross amounts owed by contract customers are retentions of £12,769,333 (2022: £12,860,722) which are due from customers over a period of 1 to 4 years. The amounts falling due in more than 1 year are £4,099,893 (2022: £7,342,378).

During the year, the responsibility for payment of the £1,437,629 (2022: £1,275,823) other debtor loan (due after one year), was transferred from the original debtor to a shareholder. The terms of the loan have remained the same with interest being charged at 12% per annum, charged monthly. The loan is due for repayment by 31 May 2025. This has been treated as a modification to the original loan.

Included within other debtors due after one year is an amount of £2.3m (2022: £1.4m included within other debtors due after one year) with interest being charged at 10% per annum, charged quarterly. The loan is due for repayment no less than 1 month after which the repayment notice is given. The Directors do not expect these amounts to be fully repaid within 12 months.

Included within other debtors due after one year is an amount of £411,967 (2022: £400,000) with interest being charged at 4% per annum from the first anniversary of the agreement, being 30 September 2022. On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest that will be charged is 10% per annum. The loan is due for repayment by 31 March 2026 (2022: 31 October 2025). Management have determined the changes to the terms are not substantial and this has been treated as a modification to the original loan.

During the year, the responsibility for payment of the £1.2m (2022: £1.1m) other debtor loan (due after one year), was transferred from the original debtor to a shareholder. The terms of the loan have remained the same with interest being charged at 12% per annum, charged monthly. The loan is due for repayment by 15 September 2025. This has been treated as a modification to the original loan.

Included within other debtors due after one year is an amount of £165,693 (2022: £258,110) with interest being charged at 4% per annum, charged monthly. On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest that will be charged is 10% per annum. The loan is due for repayment by 31 March 2026 (2022: 31 August 2025). Management have determined the changes to the terms are not substantial and this has been treated as a modification to the original loan.

Included within other debtors due after one year is an amount of £440,000 (2022: £nil) with no interest being charged. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months.

Included within other debtors due after one year is an amount of £127,068 (2022: £nil) with interest being charged at 10% per annum. The loan is due for repayment by 31 March 2026.

##### Company

Amounts owed by group undertakings falling due after more than one year includes £36.8m (2022: falling due within one year £29.7m) with interest charged at 12% per annum, charged monthly. The loan is due for repayment by 27 January 2053 or any other date agreed between by both parties.

Amounts owed by group undertakings falling due after more than one year includes £1,322,804 (2022: £1,280,619) with interest charged at 3.25% per annum. The loan is repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****20 Creditors: amounts falling due within one year**

		<b>Group</b>		<b>Company</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debenture loans	<b>22</b>	3,238,573	-	-	-
Bank loans and overdrafts	<b>22</b>	-	90,335	-	90,335
Obligations under finance leases	<b>23</b>	352,397	265,579	-	-
Trade creditors		23,188,783	19,466,592	16,140	56,400
Gross amounts owed to contract customers		1,988,538	-	-	-
Amounts owed to group undertakings		-	-	15,567	29,690,372
Corporation tax payable		-	1,174,818	-	-
Other taxation and social security		6,011,994	3,759,436	-	-
Other creditors		4,728,411	6,923,019	-	-
Accruals and deferred income		92,119,489	53,782,855	23,030	41,204
		<u>131,628,185</u>	<u>85,462,634</u>	<u>54,737</u>	<u>29,878,311</u>

**Group**

Included within accruals and deferred income is £9,049,464 (2022: £780,000) in respect of government grant income for the government's Heat Networks Investment Project. £571,000 (2022: £150,000) of grant income was recognised in the year in respect of this project.

Included in other creditors is an amount of £161,490 (2022: £161,490) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 22). The balance is being released over a period of 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

**Company**

Amounts owed to group undertakings falling due after more than one year includes £36,791,254 (2022: falling due within one year £29,688,291) with interest charged at 12% per annum, charged monthly. The loan is due for repayment by 27 January 2053 or any other date agreed between by both parties.

**21 Creditors: amounts falling due after more than one year**

		<b>Group</b>		<b>Company</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debenture loans	<b>22</b>	72,272,538	61,596,872	-	-
Obligations under finance leases	<b>23</b>	1,949,002	1,922,910	-	-
Other loans	<b>22</b>	3,490,200	3,204,458	-	-
Amounts owed to group undertakings		-	-	41,286,073	2,497,035
Other creditors		4,003,310	4,289,052	-	-
		<u>81,715,050</u>	<u>71,013,292</u>	<u>41,286,073</u>	<u>2,497,035</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 21 Creditors: amounts falling due after more than one year (Continued)

##### Group

Included in other creditors is an amount of £3,503,310 (2022: £3,789,052) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 22). The balance is being released over a period of 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

##### Company

Amounts owed to group undertakings includes £4,494,818 (2022: £2,497,035) with interest charged at 3.25% per annum, charged monthly. The loan is repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

Amounts included above which fall due after five years are as follows:

Payable by instalments	33,213,346	31,382,936	-	-
Payable other than by instalments	36,791,254	-	36,791,255	-
	<u>70,004,600</u>	<u>31,382,936</u>	<u>36,791,255</u>	<u>-</u>

#### 22 Borrowings

	Group 2023 £	2022 £	Company 2023 £	2022 £
Debenture loans	72,272,538	61,596,872	-	-
Bank loans	3,238,573	-	-	-
Bank overdrafts	-	90,335	-	90,335
Other loans	3,490,200	3,204,458	-	-
	<u>79,001,311</u>	<u>64,891,665</u>	<u>-</u>	<u>90,335</u>
Payable within one year	3,238,573	90,335	-	90,335
Payable after one year	<u>75,762,738</u>	<u>64,801,330</u>	<u>-</u>	<u>-</u>

Included in other loans is a balance of £3,490,200 (2022: £3,204,458) which relates to a loan, received from Department for Energy Security and Net Zero (DESNZ). The loan is repayable in 51 six monthly instalments commencing June 2027 and carries interest of 0.01%. As noted in the accounting policies, the Directors have assessed the balance as representing a financing transaction and have discounted the liability to present value. As at 30 June 2022, the gross liability has been discounted by £3,664,800 (2022: £3,950,542). The final repayment will be made in June 2052. No security is held in respect of this loan.

The bank overdrafts are secured by a third party on the assets of the Group by means of fixed and floating charges including negative pledges.

The debenture of £75,511,111 (2022: £61,596,872) has a total term of 33 years, of which 32 years are remaining. Interest is charged at an effective rate of 9.44% per annum. The debenture is secured by fixed and floating charges over all property and undertakings of Vital Energi Drakelow Limited, a subsidiary undertaking, including a negative pledge.

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****23 Finance lease obligations**

	<b>Group 2023</b>	<b>2022</b>	<b>Company 2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:				
Less than one year	352,397	265,579	-	-
Between one and five years	1,584,996	1,213,530	-	-
After five years	364,006	709,380	-	-
	<u>2,301,399</u>	<u>2,188,489</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the Group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 6 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group has a charge dated 29 June 2022, in favour of Paragon Commercial Finance Limited, in respect of the finance leases. The charge contains a fixed charge over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

**24 Deferred taxation**

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2023</b>	<b>Liabilities 2022</b>	<b>Assets 2023</b>	<b>Assets 2022</b>
<b>Group</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Short term timing differences	(63,301)	-	-	2,150,343
Fixed asset timing differences	509,564	-	-	(272,317)
Losses and other deductions	(68,572)	-	-	-
	<u>377,691</u>	<u>-</u>	<u>-</u>	<u>1,878,026</u>

The company has no deferred tax assets or liabilities.

	<b>Group 2023</b>	<b>Company 2023</b>
	<b>£</b>	<b>£</b>
<b>Movements in the year:</b>		
Asset at 1 July 2022	(1,878,026)	-
Charge to profit or loss	2,255,717	-
Liability at 30 June 2023	<u>377,691</u>	<u>-</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 24 Deferred taxation (Continued)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

#### 25 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	1,674,577	1,237,105

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

At 30 June 2023 the Group had outstanding pension contributions of £275,947 (2022: £208,773).

#### 26 Share capital

	Group and Company			
	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares 1 of 0.099p each	100,000,000	100,000,000	99,000	99,000
Ordinary shares 2 of 0.1p each	83,002,000	83,002,000	83,002	83,002
Ordinary shares 3 of 0.10928962p each	45,750,000	45,750,000	50,000	50,000
Preferred shares of 1p each	100,000	100,000	1,000	1,000
	<u>228,852,000</u>	<u>228,852,000</u>	<u>233,002</u>	<u>233,002</u>

The holders of Preferred shares have the right to a preferential payment of £45 per share upon a capital distribution or in the case of winding up the Company. The shares do not confer any rights of redemption, any rights to a dividend, nor any rights to vote at a general meeting of the Company.

The holders of the Ordinary shares have the right to vote and receive income. All Ordinary shares rank below Preferred shares in the case of winding up the Company.

#### 27 Employee Benefit Trust

The Group has established an Employee Benefit Trust with the object of promoting employee loyalty and goodwill.

In accordance with Section 10 of FRS 102 the trust net deficit of £22,884 (2022: £22,884) has been incorporated into the Company's balance sheet.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 28 Reserves

##### Other reserve

Included within the other reserve within the Group is -£233,001 (2022: -£233,001) relating to a merger reserve which arose on a previous Group reorganisation.

Included within the other reserve within the Company is £10,246,998 (2022: £10,246,998) similarly relating to a merger reserve which arose on a previous Group reorganisation.

Also included in other reserves in both the Group and Company balance sheets is £978,723 (2022: £330,537) relating to a share based payment reserve within the Group and Company arising from the Company's participation in a Group share based payment plan.

##### Own shares

The own share reserve comprises the investment in own shares of 5,261,250 (2022: 5,261,250) Ordinary shares of £0.001 (2022: £0.001) each in Vital Holdings Limited that are held by The Vital Energi Utilities Employee Benefit Trust. In accordance with section 9 of FRS 102 the investment has been shown as a deduction in shareholders' funds.

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### 29 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	3,182,219	3,087,476
<b>Adjustments for:</b>		
Taxation charged	1,654,346	1,433,005
Finance costs	6,297,639	5,226,428
Investment income	(624,985)	(291,569)
Gain on disposal of tangible fixed assets	(454)	-
Amortisation and impairment of intangible assets	175,164	134,307
Depreciation and impairment of tangible fixed assets	821,303	1,267,708
Equity settled share based payment expense	648,186	330,537
<b>Movements in working capital:</b>		
Increase in stocks	(3,197,439)	(302,654)
(Increase)/decrease in debtors	(10,206,234)	3,402,761
Increase in creditors	35,265,313	6,056,149
<b>Cash generated from operations</b>	<u>34,015,058</u>	<u>20,344,148</u>

## VITAL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

#### 30 Analysis of changes in net debt - group

	1 July 2022 £	Cash flows £	New loans £	New leases £	Non-cash £	30 June 2023 £
Cash at bank and in hand	38,973,680	24,412,673	-	-	-	63,386,353
Bank overdrafts	(90,335)	90,335	-	-	-	-
	<u>38,883,345</u>	<u>24,503,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,386,353</u>
Borrowings excluding overdrafts	(64,801,330)	-	(7,749,999)	-	(6,449,982)	(79,001,311)
Obligations under finance leases	(2,188,489)	299,658	-	(412,568)	-	(2,301,399)
Convertible loan notes	-	-	-	-	-	-
Derivatives relating to debt	-	-	-	-	-	-
	<u>(28,106,474)</u>	<u>24,802,666</u>	<u>(7,749,999)</u>	<u>(412,568)</u>	<u>(6,449,982)</u>	<u>(17,916,357)</u>

Included within cash at bank and in hand is £297,900 (2022: £264,447) in relation to the Group's captive insurance scheme. Of this amount, £100,000 relates to the Group's investment in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell Company. The remainder relates to cash held within the protected cell Company.

At 30 June 2023, £417,263 (2022: £357,752) of the Group's cash balances are not available for use by the Group due to restrictions on their use as sinking fund accounts.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 31 Financial commitments, guarantees and contingent liabilities

A Group Company provided a guarantee relating to loans and overdrafts granted to fellow Group undertakings by the Royal Bank of Scotland. This guarantee was satisfied in full on 30 March 2022.

A Group Company had three charges, dated 4 April 2014, 7 May 2020 and 23 July 2020, in favour of The Royal Bank of Scotland plc containing fixed and floating charges and negative pledges. These charges were satisfied in full on 30 March 2022.

A Group Company has numerous charges in favour of Aviva Investors Energy Centres No. 1 Limited Partnership. The charges contain fixed charges, floating charges and negative pledges over the property or undertaking of the Company.

A Group Company has three charges dated 3 December 2015, 6 December 2018 and 15 December 2021, in favour of De Lage Landen Leasing Limited. The charges contain a fixed charge, a floating charge and a negative pledge over property or undertaking of the Company.

A Group Company has a charge dated 29 June 2022, in favour of Paragon Commercial Finance Limited, in respect of the finance leases. The charge contains a fixed charge over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

A number of Group Companies have a fixed and floating charge dated 14 March 2023, in favour of Santander UK PLC, in respect of the property or undertaking of the entities. This charge contains a fixed and floating charge over all the property or undertaking of the entity, and the subsidiary undertakings, including a negative pledge.

Biomass Power Kochi Limited, Hepworth Place ESCo Limited (formerly known as St Mark's Square ESCo Limited), Vital Holdings Investments Limited, Vital Chiltern Investments Limited, Kidbrooke ESCo Limited, Plumstead West Thamesmead ESCo Limited, and Vital Community Energi Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. As such Vital Holdings Limited, the parent undertaking, guarantees all outstanding liabilities to which the Companies are subject at the end of the financial year, until they are satisfied in full, and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary Companies are liable in respect of those liabilities.

#### 32 Operating lease commitments

##### Lessee

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	2,745,130	2,389,533	-	-
Between one and five years	5,019,762	5,620,837	-	-
In over five years	3,177,085	3,177,085	-	-
	<u>10,941,977</u>	<u>11,187,455</u>	<u>-</u>	<u>-</u>



**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023****33 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	<b>Group</b>	<b>2022</b>	<b>Company</b>	<b>2022</b>
	<b>2023</b>		<b>2023</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Acquisition of tangible fixed assets	-	427,813	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**34 Captive cell arrangement**

Cash at bank and in hand includes an amount of £297,900 (2022: £264,447) in relation to the Group's captive insurance scheme. Of this amount, £100,000 relates to the Group's investment in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell Company. The remainder relates to cash held within the protected cell Company. During the year a dividend of £100,000 (2022: £nil) was received from the captive cell.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 35 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel of the group is as follows:

	2023 £	2022 £
Aggregate compensation	5,445,470	5,047,740

Key management personnel includes £344,409 (2022: £86,888) relating to equity-settled shared-based payments.

At 30 June 2023 Key management personnel has been updated to incorporate all key management personnel, including directors throughout the Group. The comparative has therefore been shown on this basis.

##### Other information

At 30 June 2023, the Group owed £98,874 (2022: £30,000) to Companies with common directors, shareholders and close family members and was owed £92,113 (2022: £14,971) by these Companies. During the year the Group made sales of £226,340 (2022: £217,938) to these Companies and made purchases of £1,086,774 (2022: £921,469) from these Companies. The remaining movement relates to payments and receipts.

Included in other creditors is an amount due to a director of £3,635,570 (2022: £4,496,205). An amount of £8,630,871 (2022: £3,173,054) was repaid and an amount of £7,770,236 (2022: £6,355,782) was advanced during the year. The maximum overdrawn amount during the year was £nil (2022: £nil).

Included within other debtors due within one year is an amount of £2,251,432 (2022: £1,388,521 included within other debtors due after one year) due from a Company in which Vital Chiltern Investments Limited, a subsidiary, has a participating interest. Interest is charged at 10% per annum, charged quarterly. The loan is due for repayment by 21 November 2023.

Included within other debtors due after one year is an amount of £411,967 (2022: £400,000) due from a Company in which Vital Chiltern Investments Limited, a subsidiary, has a participating interest. Interest is charged at 4% from the first anniversary of the agreement, being 30 September 2022. On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest that will be charged is 10% per annum. The loan is due for repayment by 31 March 2026 (2022: 31 October 2025). Management have determined the changes to the terms are not substantial and this has been treated as a modification to the original loan.

Included within other debtors due after one year is an amount of £440,000 (2022: £nil) due from a Company in which Vital Chiltern Investments Limited, a fellow Group Company, has a participating interest. No interest is charged on the loan. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months.

Included within other debtors due after one year is an amount of £127,068 (2022: £nil) due from a Company in which Vital Chiltern Investments Limited, a fellow Group Company, has a participating interest. Interest is charged at 10% per annum, charged quarterly. The loan is due for repayment by 31 March 2026.

Included within other debtors due after one year is an amount of £165,693 (2022: £258,110) due from a Company in which Vital Chiltern Investments Limited, a subsidiary, has a participating interest. Interest is charged at 4% per annum, charged monthly. On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest that will be charged is 10% per annum. The loan is due for repayment by 31 March 2026 (2022: 31 August 2025). Management have determined the changes to the terms are not substantial and this has been treated as a modification to the original loan.

## **VITAL HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023**

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#### **36 Controlling party**

The Company is ultimately controlled by Mr G J Fielding and close family who controlled the majority of the issued share capital of the Company during the year.

Company Registration No. 06395526 (England and Wales)

**VITAL HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2022**

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# VITAL HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr G J Fielding Mr I M Whitelock Mr N Gosling Mr G Le Sueur Mrs S A Fielding Ms C Parker
<b>Secretary</b>	Mr S McKechnie
<b>Company number</b>	06395526
<b>Registered office</b>	Century House Roman Road Blackburn Lancashire BB1 2LD
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

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# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present the strategic report for the year ended 30 June 2022.

#### Principal activity

The Group operates in the energy sector, providing a comprehensive suite of energy related services, systems and solutions. The Group provides services as designers, manufacturers, suppliers, installers and operators of low carbon and renewable energy products and solutions, potentially with full or part funding, including; energy centre buildings, energy generation and storage plant and equipment, distribution networks and consumer supply services, utilising an increasingly broad range of technologies, for heat, power and other utilities, integrating these with associated national energy networks and new or existing properties by the implementation of mechanical & electrical, building controls and other systems necessary to give effect to a complete and optimised energy system.

The Group also provides a complete range of energy conservation measures including building fabric enhancements for the purpose of reducing energy use and/or loss and ensuring that maximum benefit can be gained from new energy systems installed in retrofit conditions. In relation to both new and existing energy systems, the Group provides a comprehensive suite of asset management and operational services to ensure the continued safe and efficient operation of systems, their repair and replacement for the life of the system, the collection and analysis of meter and system operation data, the management of related technical and financial matters, the procurement of utilities, the sale of energy and the recording and reporting on all areas of performance.

In relation to systems designed, supplied, installed, and operated by the Group, the Group provides assurance of performance to customers and clients in a variety of ways, including KPI's and guaranteed financial and carbon savings as well as other performance-based metrics.

The Group operates in a broad range of markets including Healthcare, Education, Industrial, Commercial, Residential, Local Authority and Waste to Energy.

The principal activity of the Company is that of a holding company.

#### Fair review of the business

The Group turnover increased by £19.3m to £209.0m (FY21 £189.7m as restated), an increase of 10.2% during the year. Following an assessment of the accounting for certain transactions and in line with Section 23 of FRS 102, it has been assessed the Group is the agent for these transactions rather than the principal and therefore the revenue recognised should only be the value of the commission. Gross Profit and Reserves remain unaffected by this revenue recognition adjustment. The Group achieved an operating profit of £9.5m (FY21 £8.7m), an increase of £0.8m (+9.2%) on the previous year. The timing of revenue has also resulted in a decrease in trade debtors of £4.72m at the period end.

The directors are pleased with this increased level of activity and profitability in challenging circumstances. The Group's operating profit benefitted from a furlough grant of £15k.

The Group's gross profit % increased to 13.1% (FY21 11.9% as restated) due to the additional costs and labour inefficiencies incurred in introducing safe working practices, and in managing a workforce, during the COVID outbreak.

The Group's overheads increased in line with sales growth to £18.8m (FY21 £14.2m) which was 9.0% of sales compared to 7.5% in FY21.

Growth in employee numbers, and associated staff costs, was limited with 545 employees in total compared with 480 employees in FY21. Staff costs increased from £30.0m (FY21) to £36.2m (FY22).

The directors are pleased with the level of cost control exercised in challenging market conditions.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

The Group's net assets increased to £38.7m (FY21 £35.4m). During the year the Group continued to develop, through Vital Energi (Drakelow) Limited, a waste to energy facility and has incurred capital expenditure of £41.7m, the majority of which relates to the Drakelow asset. The Group finished the year with cash balances of £39.0m (FY21 £48.3m). During the year, the Group made further investments, as well as provided financing to allow further development of business opportunities in view of its strategic move into investing in Chiltern Group Companies (see note 19) and has also taken out a new project specific loan of £7.2m received from BEIS. Please see note 22 which explains the accounting treatment of the loan that has been assessed as a financing transaction. The directors are satisfied that this liquidity position is more than adequate to support the Group's future growth plans, including in the event of any further COVID lockdowns.

The Group already has a strong sales and secured order book for FY23, and the forecast for FY23 shows a continuation of the significant growth levels experienced in previous years.

We have seen a marked increase in the past year in customer demand to decarbonise heat and associated services. This demand has been driven by a number of factors: decarbonisation of the public sector which has been supported by grant funding from the Public Sector Decarbonisation Scheme (PSDS), plus also increasing demand from commercial and industrial customers who are seeking to decarbonise as part of their Net Zero ambitions, and / or their Environmental Social and Corporate Governance commitments. This has increased enquiry activity from a range of customer sectors in energy efficiency and a growing requirement to convert energy generation assets to low carbon sources.

The significant increase in wholesale energy costs, combined with customer drive towards Net Zero is also driving increasing opportunities for renewable electricity generation, particularly Solar Photo-Voltaic arrays connected via private wire directly to customer demand. We are also seeing increasing interest and opportunity in the integration of renewable electricity generation with other technologies in 'smart grid' solutions, potentially including battery storage, electric heat pumps and thermal storage. Our participation in a part funded Innovate UK project called REMEDY has aided the development of new technical solutions and business models for the application of this type of smart grid / smart local energy system (SLES) into new build and retrofit applications.

Our strategic relationships with Scotia Gas Networks and Chiltern Management Group have continued to leverage significant opportunities for design, build and asset ownership in heat and multi-utility infrastructure.

We strive to innovate and have seen the benefit of this in driving our growth over many years; to ensure that we continue to do this, we have continued to strengthen working relationships with a number of leading Universities. We are working on some exciting new technology developments and seek to bring routes to market to allow commercialisation of these technologies. Our work with industrial partners has driven the development and now application of our market leading App called 'Glass' which, amongst a range of functions, provides a smartphone customer portal that allows management and control of heating and hot water.

The district energy market has seen steady activity over the past year. The introduction of the Green Heat Network Fund to replace the Heat Network Investment Project (HNIP) has allowed continued development of a number of strategic heat networks, although the low carbon heat sector has seen a slow-down in activity with the ending of Non-Domestic Renewable Heat Incentive. We are actively involved in the Heat Networks Industry Council, which is collaborating with the Department for Business, Energy & Industrial Strategy (BEIS) in design of policy framework to support the significant growth needed in the heat network sector to meet the Committee on Climate Change's recommendation for 18-20% of UK heat to come from heat networks by 2050 as part of a least cost pathway to meeting Net-Zero (Heat and Buildings Strategy).

#### Environmental matters

The Group has placed significant focus on development of its Environmental Social and Governance policies. We have published our Carbon Reduction Plan on our website. We have also embarked on an ambitious journey to net zero pledging to be fully carbon neutral by 2035, and by reducing actual emissions by 50% from 2020 levels by 2030 without using offsets. We are developing science-based targets to achieve these goals, and have committed to set company-wide carbon reduction initiatives in line with the international Science Based Targets initiative (SBTi) Net-Zero Standard and Business Ambition for 1.5°C. As well as helping clients across the UK transition to a low carbon future, we're taking responsibility ourselves too. Our commitment to developing science-based carbon reduction targets demonstrates the measurable actions we are taking to reduce our environmental impact.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

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#### Key risks and uncertainties

Vital Energi is facing unprecedented times in the energy sector, influenced by several economic and political factors. These are all reported in the Government Growth Plan 2022 (<https://www.gov.uk/government/publications/the-growth-plan-2022-documents>). Putin's invasion of Ukraine and weaponisation of Russian energy supplies has further increased gas prices, putting upward pressure on inflation and interest rates, raising the cost of government borrowing.

Although high energy prices have increased interest in energy conservation, the high prices along with increasing volatility does introduce business case uncertainty and potential for delay in customer decision making, and this represents a risk identified by the directors. However, the government has taken action in response to these challenges. In the short term, fiscal policy will support households and businesses through the current period of high energy prices. A comprehensive package of supply-side reform and tax cuts will contribute to the government's primary economic objective to boost trend growth to 2.5%.

Risk of competition from new entrants to the market continues and the directors believe that the Group's quality of staff, products, and services, as well as its strong links with companies in northern European countries where similar products and services have matured, will help to mitigate these risks.

#### Impact of Brexit, the Russia/Ukraine Crisis and Political Uncertainties

Whilst the Group results show good growth and profitability, margins have been adversely impacted as a result of significant input price inflation and shortages/disruptions to the supply of certain materials and commodities, as well as the ongoing adverse impacts of the coronavirus pandemic.

The Group has undertaken a detailed review of the impact of inflation and the disruption to the supply of key construction components on expected project margins and has concluded that profitability has been eroded by circa £2.1m during the financial year ended 30th June 2022.

The Board continue to monitor the ongoing inflationary/economic uncertainties and are satisfied that existing contingencies are expected to be sufficient to cover the risk on existing projects through to completion with the risk being addressed at tender stage for new projects.

Despite the ongoing uncertainties the Group is in a robust financial position and our future workload remains strong.

#### Future developments

We expect continued strong focus on renewable energy generation, energy storage and decarbonisation. The Group is seeing increasing opportunities for investment in asset ownership, from a range of projects including waste to energy, energy storage, heat as well as Multi-Utility networks and ESCo services, all of which will bring a higher proportion of long-term revenue and profit to support the traditional design and build business. We are involved at an early stage in a number of projects involving hydrogen generation and use, which are reliant on development of the new financial support mechanisms by Government.

#### Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its company as a whole.

In doing this, section 172 requires the directors to have regard to, amongst other matters:

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

In discharging their section 172 duties, the directors have regard to all the matters set out above.



# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

Authority for day to day management of the Company is delegated to Business Sector Boards. The directors are provided with information in a variety of formats to ensure they are able to discharge their section 172 duties and engage with the Business Sector Boards regularly in:

- setting, approving and executing business strategy, plans and policies;
- reviewing business performance;
- managing risk; and
- decisions relating to material business initiatives and other matters.
- reviewing health and safety
- reviewing the impact of COVID 19

The directors and Business Sector Boards manage the business in a responsible manner with the aim of ensuring that the Group maintains a reputation for high standards of business conduct and good governance. The Group has policies in place in relation to conduct and standards, criminal finance act, anti-bribery and corruption measures, equal opportunities and diversity, and modern slavery. The Group's statement on modern slavery can be found on its website [www.vitalenergy.co.uk](http://www.vitalenergy.co.uk).

The Group's key stakeholders are its employees, clients, suppliers, the community and its investors. The directors have regard to the views of all these stakeholders in their decision making. Engagement with these stakeholders occurs through various channels, including:

- **Employees:** The Group has a strong focus on maintaining a culture of employee engagement and wellbeing. Our employees play a key role in the success of our business' strategic goals and the Board recognises the importance of a positive and supportive working environment for our staff. The senior leadership team hold regular company meetings to share feedback from customers, the product development pipeline and upcoming launches and business performance updates. Employees receive regular business sector briefings and there are regular news communications, briefing employees on new business, project progress as well as employee related news and achievements. The Group continues to enhance its pay and benefits and a Remuneration Committee has now been set up to review all pay and benefits related matters.
- **Customers:** The directors, Business Sector Boards and employees are focused on delivering outstanding services to its customers. Customer feedback is regularly obtained to ensure that we offer excellent service and value for money and to ensure that our performance is aligned to current and future customer requirements. In order to continue to deliver exceptional service, and products which meet the needs of its growing and evolving customer base, feedback at every point of the customer's experience is regularly gathered and distributed throughout the organization which is vital to ensure the business reacts and adapts to maintain customer loyalty. The Group takes all feedback seriously; from how to make its website easier to navigate, to how it processes and fulfils orders, how its products operate, services are delivered, and treat all insight as valuable learnings on how to enhance our customer proposition and grow our business.
- **Suppliers:** The Group maintains close relationships with its key suppliers and subcontractors through regular feedback and periodic meetings. This continual collaboration is critical to maintain stock availability, service quality and competitive prices; enables the Group to understand the market risks; and plan efficiently for an ever-changing environment. The Group's procurement approach requires that suppliers have core values that are consistent with those of the Group and contract terms ensure that the interests of the Group and its suppliers and subcontractors are closely aligned. The Group is currently reviewing its payment practices to suppliers and subcontractors in line with its payment practices reporting ratios. Throughout FY22, the largest trading entity within the Group, Vital Energi Utilities, has seen a marked improvement and in the last submission period, covering 1 June 2022 to 30th June 2022, has reported 91% invoices paid within 60 days.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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- **Corporate Social Responsibility (CSR):** Vital Energi's CSR touches on the community, the marketplace, environment, and workplace. It covers a wide range of activities and programmes including introducing and focusing all employees on our energy consumption reduction and recycling targets. The Group continues with its programme of investment in the future of decarbonisation and recruited 17 new apprentices during the year. The Company is committed to developing the key industry skills needed to achieve net zero and create a sustainable workforce of the future, as well as helping tackle the post-Covid economic recovery across the UK. Core practical and theoretical training modules, CPD sessions and Lessons Learned sessions regularly take place at The Group's recently constructed Head Office based Training Centre in Blackburn. The Group's programme of investment in new skills training and skills translation for staff recruited from other sectors will support the wider goals set out in a range of government plans and strategies, which identifies that the transition to net zero emissions will support the government's growth objectives, create jobs and business opportunities, and reinforce the UK's position as a global leader in technologies to address climate change. The Group specialises in low/zero carbon energy generation and heat networks which will play an increasingly important role in meeting the UK's net zero objectives. The Group is also looking at how it can engage with charities and be more involved in charitable work. During the year the Group donated to the Christie Charity which provides enhanced services over and above that which the NHS funds for the care and treatment of patients and their families and will continue this relationship.
- **Investors:** The Group's shareholders are represented in the corporate governance and operational structure of the Group. The Board recognises the requirement to present fair, balanced, and understandable information to all stakeholders and particularly its shareholders and investors. The Group is committed to transparent and effective communications with all its shareholders so that there is a clear understanding of the Group's strategic objectives and performance. The directors of the Company ensure alignment with shareholders' interests through monthly Group board meetings and reporting where third party shareholder representatives are present.
- **Maintaining high standards of business conduct:** The Company is incorporated in the UK and is governed by the Companies Act 2006. The Board recognises the importance of maintaining high standards of corporate governance to ensure that the interests of the Company's stakeholders are protected. The Group operates robust financial controls that are regularly reviewed and documented and maintains policies on data protection, health and safety, and anti-bribery and corruption for example. The Board has reviewed all related party transactions as disclosed in note 36 of the financial statements and maintains a register of Directors Interests.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Effect and impact – principal Board decisions and how the Board considered stakeholders views:

### 1. Strategic Investments

#### Strategic move into investing in Chiltern Group Companies and Scotia Gas Networks Joint Venture.

During the year, the Group made further investments in Chiltern Group Companies, as well as provided financing to allow further development of business opportunities. The Board concluded that these investments and funding would promote the success of the Group over the long-term by substantially growing our business and positioning Vital as strategic partner for energy services bringing in capital as well as long term operational revenues. See Note 15 for further information.

Consideration	Outcome / Impact
<b>Customers</b> The Board considered the impact on our existing customers of a significant move into asset ownership and concluded that we had the necessary people and financial resources to not adversely impact on our existing business.	The board concluded there was a strong strategic fit and that the move into Chiltern Investments and the SGN JV agreement would deliver attractive returns in excess of our cost of capital over the long-term.
<b>Shareholders</b> Considered the strategic fit and financial merits of making these investments.	The board concluded that these investments should be structured within a separate part of the business where all investments could be managed under separate board structures.
<b>Governance</b> The Board considered the importance of the governance structure under which these investments would operate.	
<b>Employees</b> Considered the impact on our existing employees of adding a new venture to our core business and concluded that this would create opportunities for existing Group employees to work in the new business areas.	
<b>Suppliers</b> We considered how the move into investing in Chiltern Group companies and Scotia Gas Networks joint venture would affect our existing suppliers and concluded that there would be a positive impact.	

#### Carbon Reporting

Effective since 1 April 2019, the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 impose obligations for quoted and large unquoted companies, to produce an Energy and Carbon Report. The primary purpose of this report is to summarise the energy usage, associated emissions, energy efficiency actions and energy performances for Vital Holdings Limited and has been prepared for inclusion in the annual Directors' Report, under Section 145A of the Companies Act 2006.

The report will additionally provide and present data for Vital Energi's ISO 50001:2018 certified Energy Management System (EnMS), to demonstrate commitment to continual improvement of this business aspect.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

The Group operates in the energy sector, across a broad range of markets including Healthcare, Education, Industrial, Commercial, Residential Local Authorities and Waste to Energy; supplying a comprehensive range of services as a provider of energy and energy-related services, systems and solutions; involving design, manufacture, supply, installation and operation of low carbon and renewable products incorporating energy centre buildings, energy storage, distribution networks for heat, power and other utilities. The Group also provides building fabric enhancements to reduce energy loss and ensure that maximum benefit can be gained from new energy systems installed in retrofit conditions.

During the reporting period Vital Holdings have continued to work on its carbon reduction plan to minimise and eventually eliminate the carbon emissions for which we have operational control. For these elements we have committed to achieving Net Zero emissions by 2035. As well as committing to reduce actual emissions by 50% from 2020 levels by 2030 without using offsets.

#### Methodology For Reporting

This report relates to the Financial Year July 2021 to June 2022 and utilises the period July 2020 to June 2021 as the benchmark period to show changes.

Figures reported in the 2021 Strategic Report in respect of Gas Meter Readings are different due to M<sup>3</sup> being incorrectly recorded as kWh instead of converted from M<sup>3</sup> to kWh to get the true kWh usage of gas. This has been retrospectively changed, reflecting a large increase in kWh usage.

During the intervening period UK Government conversion factors for greenhouse gas (GHG) have changed, accordingly whilst the 2021 conversion factors were applied to the benchmark figures the updated 2022 conversion factors have been used to calculate the 2021/22 data.

The intensity ratio used to calculate and report for Vital Holdings Limited, and its subsidiaries is Tonnes Carbon Dioxide Equivalent per employee [t CO<sub>2</sub>e/employee].

The calculations utilise the UK Government conversion factors for greenhouse gas (GHG) reporting provided in the 2022 DEFRA/Department for Business, Energy & Industrial Strategy Conversion Factors for Company Reporting spreadsheet which are as follows:

2022 Conversion Factor kgCO <sub>2</sub> e			
Gas (per kWh)	0.18397 kgCO <sub>2</sub> e	Car – PHEV (per mile)	0.19318 kgCO <sub>2</sub> e
Electricity (per kWh)	0.19338 kgCO <sub>2</sub> e	Car – Hybrid (per mile)	0.15046 kgCO <sub>2</sub> e
Fuel – Gas oil (per litre)	2.75857 kgCO <sub>2</sub> e	Car – Electric (per mile)	0.08272 kgCO <sub>2</sub> e
Car – Diesel (per mile)	0.27492 kgCO <sub>2</sub> e	Van – Diesel (per mile)	0.37268 kgCO <sub>2</sub> e
Car – Petrol (per mile)	0.27436 kgCO <sub>2</sub> e	Van – Petrol (per mile)	0.3967 kgCO <sub>2</sub> e

These are then converted to tonnes of carbon dioxide (tCO<sub>2</sub>e) by dividing by 1000, before being divided by our closing headcount (551) to provide the tCO<sub>2</sub>e /employee.

#### Summary Of Findings

During the reporting period Vital Holdings Group has not been the subject of any enforcement action for environmental breaches.

The three areas of energy consumption required to be considered are:

- Gas and electricity use by Vital Holdings Limited subsidiaries office facilities
- Fuel used in company vehicles
- Construction site fuel (diesel usage)

During 2021/22 Vital Holdings Limited staff numbers increased by 4.16% to 551 (closing headcount).

## VITAL HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 30 JUNE 2022

During the reporting period 2021-22 gas consumption has fallen by 21.19% to 557,403 kWh (2020/21: 707,333.00) -102.35 tCO<sub>2</sub>e (2020/21: 129.77 tCO<sub>2</sub>e), equivalent to 0.186 tCO<sub>2</sub>e/employee (2020/21: 0.245 tCO<sub>2</sub>e/employee). Saving –149,930kWh or 27.42 tCO<sub>2</sub>e.

During the reporting period 2021-22 electricity consumption increased by 20.23% to 831,467.06 kWh (2020/21: 691,553.00 kWh), however having switched to a green electricity tariff at the Blackburn Head Office, we achieved a carbon saving of 120.95 tCO<sub>2</sub>e, the tonnes carbon equivalent ratio falling to 47.68 tCO<sub>2</sub>e (2020/21: 168.63tCO<sub>2</sub>e) over the year. This resulted in the intensity ratio decreasing by 72.72% to 0.087 tCO<sub>2</sub>e/ employee (2020/21: 0.319 tCO<sub>2</sub>e/ employee). Increasing +139,914.06kWh, but saving 120.95 tCO<sub>2</sub>e, due to switch to green tariff.

Our fleet of commercial vehicles, company cars and grey fleet vehicles fell to 250 (2020/21: 267) – 62 of which are all electric (2020/21- 37) and 42 of which are hybrid or plug-in hybrid (2020/21- 49).

Resultant fleet energy usage fell in 2021/22 to 2,360,959.01kWh (2020/21: 2,532,603kWh) or 539.93tCO<sub>2</sub>e (2020/21 : 620.5tCO<sub>2</sub>e), a decrease of 12.98% in total emissions and 16.45% in the intensity ratio to 0.98tCO<sub>2</sub>e/ employee (2020/21: 1.173tCO<sub>2</sub>e/ employee). Saving – 171,643.99kWh or 80.57 tCO<sub>2</sub>e.

During the reporting year site fuel usage was 1,857,179.63 kWh (2020/21: 1,824,380.61 kWh) or 474.84 tCO<sub>2</sub>e (2020/21: 466.57tCO<sub>2</sub>e), equivalent to 0.862tCO<sub>2</sub>e/employee (2020/21: 0.882 tCO<sub>2</sub>e/employee). This was however off-set due to Vital Energi's staff numbers. As a result, despite increasing +32,799.02kWh or 8.38 tCO<sub>2</sub>e, the intensity ratio for fuel usage fell by 2.15% year on year, equivalent to 0.02 tCO<sub>2</sub>e/employee saving due to increase in headcount.

#### **Totals**

During the reporting year 2021/22 the total energy usage was 5,607,008.70kWh (2020/21: 5,755,869.61 kWh) or 1,164.8tCO<sub>2</sub>e (2020/21: 1,385.36tCO<sub>2</sub>e), equivalent to 2.12 tCO<sub>2</sub>e/employee (2020/21: 2.62 tCO<sub>2</sub>e/employee) a decrease of 19.08% in the overall company intensity ratio. Overall Saving –148,860.91kWh, or 220.56 tCO<sub>2</sub>e, equivalent to 0.050 tCO<sub>2</sub>e/employee.

#### **Reasons For Change In Carbon Emissions**

Assessment of energy use in Vital Holdings, shows that during the financial year 2021/22 total energy usage has decreased by 148,860.91kWh, or 220.56 tCO<sub>2</sub>e, equivalent to 0.050 tCO<sub>2</sub>e/employee. This was achieved despite changes (tightening) to the conversion factors provided in the 2022 DEFRA/Department for Business, Energy & Industrial Strategy Conversion Factors for Company Reporting, a 20.23% increase in electricity use [139,914.06kWh] and a 1.8% [32,799.02kWh] increase in site fuel usage caused by the geographical location of worksites in Vital Energi Utilities Limited and Vital Energi Solutions Limited.

The predominant reason behind this reduction in energy consumption is a combination of

- a saving of 120.95 tCO<sub>2</sub>e, due to switching to green electricity tariff at Blackburn office.
- a 6.4% decrease in overall vehicles in Fleet, linked with a 67.56% increase in electrical vehicle use (37 to 62) in the company car and commercial fleet, which has resulted in a 171,643.99kWh or 80.57 tCO<sub>2</sub>e saving.
- a fall in gas consumption of 149,930kWh or 27.42 tCO<sub>2</sub>e at the Blackburn Office, achieved by revisions made to the building management system and the boiler fuel burner.

# VITAL HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Source	Financial Year	Tonnes Carbon Equivalent (tCO <sub>2</sub> e)	% tCO <sub>2</sub> e Saving In 2021/22	Headcount	Difference In Intensity Ratio (tCO <sub>2</sub> e/headcount)	% Saving Against Intensity Ratio In 2020/21
Gas	2020/21	129.77	21.19% - 27.42 Tonnes	529	0.245	24.08%
	2021/22	102.35		551	0.186	
Difference		-27.42		+22	-0.059	
Electricity	2020/21	168.63	71.72% - 120.95 Tonnes	529	0.319	72.72%
	2021/22	47.68		551	0.087	
Difference		-120.95		+22	-0.232	
Fleet	2020/21	620.50	12.98% - 80.57 Tonnes	529	1.173	16.45%
	2021/22	539.93		551	0.98	
Difference		-80.57		+22	-0.193	
Site Fuels	2020/21	466.46	15.92% - 220.56 Tonnes	529	0.882	2.15%
	2021/22	474.84		551	0.862	
Difference		+8.38		+22	-0.02	
Total Use	2020/21	1385.36	15.92% - 220.56 Tonnes	529	2.62	19.08%
	2021/22	1164.80		551	2.12	
Difference		-220.56		+22	-0.50	
Total Carbon Tonnes Savings in 2021/22		220.56	15.92%		0.50	19.08%

### Energy Efficiency Actions

In this reporting year we have achieved the following:

- Ongoing Energy Management, inclusive of an Energy Monitoring and Energy Review procedure established
- The environment and Energy Audit programme are established and implemented annually
- The development of the Environmental & Energy Communications programme such as Lunch and Learn Seminars and Live Workshops
- Environmental & Energy Toolbox Talks (TBTs) and other resources for site teams.
- Introduction of 12 Electric vans in London
- Green Energy tariff utilised at Vital Energi's Head office Century House
- Implementation of a green transport hierarchy – e.g., increasing by 13% suitably robust and cost-effective electric vehicles to the fleet as they are available, and "chooser-users" become eligible to change their vehicles

In the future we plan to implement further measures such as:

- Development of a Sustainability Strategy following an ESG framework, ensuring targets are verified by the Science Based Targets Initiative
- Greater focus on Environmental and Energy campaigns and employee engagement to increase awareness of individual choices and actions/behaviours (Commitments included in the Carbon Reduction Plan targets)
- The business case is to be developed for cleaner site fuels, such as biofuels and/ or renewable energy sources such as solar or wind power and eco-cabin set ups to reduce this emissions impact
- The business case to be developed to Increase in Solar PV array at Vital Energi's Head office Century House
- Develop and Deliver Supply chain works shops – improving carbon reporting focusing on Scope 3 emissions.
- Continuation of Vital Energi's Annual Get Green week initiative
- Continued exchange of fossil fuel (Petrol /Diesel) and MHEV/PHEV vehicles for BEV vehicles
- AHSP and PV Installations at Headquarter Offices

## **VITAL HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022**

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On behalf of the board



.....  
Mr G J Fielding  
**Director**

Date: 17/02/23  
.....

# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present their annual report and financial statements for the year ended 30 June 2022.

#### Principal activities

The principal activity of the Company and Group is disclosed in the Group's strategic report.

#### Results and dividends

The results for the year are set out on page 17.

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

#### Directors

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

Mr G J Fielding

Mr I M Whitelock

Mr S J Beckett

(Resigned 4 March 2022)

Mr N Gosling

Mr G Le Sueur

Mrs S A Fielding

Ms C Parker

(Appointed 4 March 2022)

#### Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Research and development

The Company is a leading innovator in efficient energy provision and a catalyst for the development of new and sustainable ways of supplying the heat and power the UK needs while at the same time contributing towards the government's published emission reduction targets and net zero strategy.

As such the Company is engaged in continuous research and development activities across numerous projects including the design and development of a technologically advanced energy from waste power plant.

#### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### Employee involvement

The Group's policy is to consult and discuss with employees at meetings matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

#### Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.



# VITAL HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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### Matters of strategic importance

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. This applies to S172 statement, carbon reporting and future developments.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

### Financial risk management objectives and policies

The Group finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings or leasing arrangements.

The management objectives are to:

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the Group's and the Company's exposure to fluctuating interest rates when seeking borrowing; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Group's trading activities.

Where appropriate, funds are invested in sterling bank deposit accounts and borrowings are all obtained from standard bank loan accounts. As such, there is little price risk exposure.

Where appropriate, funds are held primarily in short-term variable rate deposit accounts. The directors believe that this gives them flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

On behalf of the board



.....  
Mr G J Fielding  
Director

Date: 17/02/23  
.....

## **VITAL HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

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The directors are responsible for preparing the Strategic Report and the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED**

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### **Opinion**

We have audited the financial statements of Vital Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent 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.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL HOLDINGS LIMITED (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and performed procedures including a review of board minutes and performed a search for notices published by the Health and Safety Executive.

The audit engagement team identified the risk of management override of controls and judgments and estimates made in the valuation of amounts recoverable on contracts, work in progress and amounts recognised in revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- challenging judgments and estimates applied in the valuation of amounts recoverable on contracts and amounts recognised in revenue by reviewing contract meeting minutes; reviewing post year end performance; and comparing outturn of projects with estimates made in preparing the previous year's financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*Michael Oates*

Michael Oates CA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire, PR2 5PE

.....  
20/02/23

**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

		2022	2021
	Notes	£	as restated £
<b>Turnover</b>	<b>4</b>	209,037,791	189,711,936
Cost of sales		(181,577,475)	(167,200,626)
<b>Gross profit</b>		27,460,316	22,511,310
<i>Analysis of administrative expenses:</i>			
Administrative expenses - non-exceptional		(18,592,496)	(14,243,184)
Administrative expenses - exceptional items		(169,414)	-
Total administrative expenses		(18,761,910)	(14,243,184)
Other operating income		756,934	433,405
<b>Operating profit</b>	<b>8</b>	9,455,340	8,701,531
Interest receivable and similar income	<b>10</b>	291,569	179,628
Interest payable and similar expenses	<b>11</b>	(5,226,428)	(1,853,945)
<b>Profit before taxation</b>		4,520,481	7,027,214
Tax on profit	<b>12</b>	(1,433,005)	(1,485,475)
<b>Profit for the financial year</b>		3,087,476	5,541,739
Profit for the financial year is attributable to:			
- Owners of the parent company		4,857,772	6,261,727
- Non-controlling interests		(1,770,296)	(719,988)
		3,087,476	5,541,739
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		4,857,772	6,261,727
- Non-controlling interests		(1,770,296)	(719,988)
		3,087,476	5,541,739

The prior year comparatives for the year ended 30 June 2021 have been restated. See note 3 for further details.

Company Registration No. 06395526

**VITAL HOLDINGS LIMITED****CONSOLIDATED BALANCE SHEET****AS AT 30 JUNE 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Goodwill	13		305,945		323,375
Other intangible assets	13		5,266,400		5,121,282
Total intangible assets			5,572,345		5,444,657
Tangible assets	14		77,593,692		37,158,132
Investments	15		4,548,899		4,094,564
			87,714,936		46,697,353
<b>Current assets</b>					
Stocks	18	5,763,938		5,461,284	
Debtors	19	62,728,108		63,390,886	
Cash at bank and in hand		38,973,680		48,286,338	
			107,465,726		117,138,508
<b>Creditors: amounts falling due within one year</b>	20	(85,462,634)		(79,623,089)	
<b>Net current assets</b>			22,003,092		37,515,419
<b>Total assets less current liabilities</b>			109,718,028		84,212,772
<b>Creditors: amounts falling due after more than one year</b>	21		(71,013,292)		(48,805,299)
<b>Net assets</b>			38,704,736		35,407,473
<b>Capital and reserves</b>					
Called up share capital	27		233,002		233,002
Other reserve	29		97,536		(233,001)
Own shares	29		(1,055,575)		(934,825)
Profit and loss reserves	29		40,787,994		35,930,222
<b>Equity attributable to owners of the parent company</b>			40,062,957		34,995,398
<b>Non-controlling interests</b>			(1,358,221)		412,075
			38,704,736		35,407,473

Company Registration No. 06395526

## VITAL HOLDINGS LIMITED

### CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2022

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The financial statements were approved by the board of directors and authorised for issue on 17/02/23 and are signed on its behalf by:



.....  
Mr G J Fielding

**Director**



Company Registration No. 06395526

**VITAL HOLDINGS LIMITED****COMPANY BALANCE SHEET****AS AT 30 JUNE 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Investments	15		10,810,741		11,755,952
<b>Current assets</b>					
Debtors	19	31,068,861		23,423,717	
Cash at bank and in hand		100,000		39,510	
		<u>31,168,861</u>		<u>23,463,227</u>	
<b>Creditors: amounts falling due within one year</b>	20	<u>(29,878,311)</u>		<u>(25,658,922)</u>	
<b>Net current assets/(liabilities)</b>			<u>1,290,550</u>		<u>(2,195,695)</u>
<b>Total assets less current liabilities</b>			<u>12,101,291</u>		<u>9,560,257</u>
<b>Creditors: amounts falling due after more than one year</b>	21		<u>(2,497,035)</u>		<u>-</u>
<b>Net assets</b>			<u><u>9,604,256</u></u>		<u><u>9,560,257</u></u>
<b>Capital and reserves</b>					
Called up share capital	27		233,002		233,002
Other reserve	29		10,577,535		10,246,998
Own shares	29		(1,051,200)		(930,450)
Profit and loss reserves	29		<u>(155,081)</u>		<u>10,707</u>
<b>Total equity</b>			<u><u>9,604,256</u></u>		<u><u>9,560,257</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £165,788 (2021: £2,104,219 profit).

The financial statements were approved by the board of directors and authorised for issue on 17/02/23 and are signed on its behalf by:



Mr G J Fielding  
Director

**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital	Other reserve	Own shares	Profit and loss reserves	Total controlling interest	Non- controlling interest	Total
Notes	£	£	£	£	£	£	£
<b>Balance at 1 July 2020</b>	233,002	(233,001)	(609,305)	29,668,495	29,059,191	(56,952)	29,002,239
<b>Year ended 30 June 2021:</b>							
Profit and total comprehensive income for the year	-	-	-	6,261,727	6,261,727	(719,988)	5,541,739
Own shares acquired	-	-	(325,520)	-	(325,520)	-	(325,520)
Acquisition of subsidiary	-	-	-	-	-	1,189,015	1,189,015
<b>Balance at 30 June 2021</b>	233,002	(233,001)	(934,825)	35,930,222	34,995,398	412,075	35,407,473
<b>Year ended 30 June 2022:</b>							
Profit and total comprehensive income for the year	-	-	-	4,857,772	4,857,772	(1,770,296)	3,087,476
Own shares acquired	-	-	(125,000)	-	(125,000)	-	(125,000)
Share-based payment reserve	-	330,537	-	-	330,537	-	330,537
Other movements	-	-	4,250	-	4,250	-	4,250
<b>Balance at 30 June 2022</b>	233,002	97,536	(1,055,575)	40,787,994	40,062,957	(1,358,221)	38,704,736

**VITAL HOLDINGS LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	Share capital £	Other reserve £	Own shares £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2020</b>		233,002	10,246,998	(604,930)	(2,093,512)	7,781,558
<b>Year ended 30 June 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	2,104,219	2,104,219
Own shares acquired		-	-	(325,520)	-	(325,520)
<b>Balance at 30 June 2021</b>		233,002	10,246,998	(930,450)	10,707	9,560,257
<b>Year ended 30 June 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(165,788)	(165,788)
Own shares acquired		-	-	(125,000)	-	(125,000)
Share-based payment reserve	29	-	330,537	-	-	330,537
Other movements		-	-	4,250	-	4,250
<b>Balance at 30 June 2022</b>		233,002	10,577,535	(1,051,200)	(155,081)	9,604,256

**VITAL HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

		2022	2021
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	30	20,344,148	5,580,412
Interest paid		(1,255,950)	(1,853,945)
Income taxes paid		(992,876)	(2,373,724)
<b>Net cash inflow from operating activities</b>		<b>18,095,322</b>	<b>1,352,743</b>
<b>Investing activities</b>			
Purchase of intangible assets		(261,995)	(196,848)
Purchase of tangible fixed assets		(39,514,779)	(26,102,985)
Proceeds on disposal of tangible fixed assets		-	15,022
Purchase of subsidiaries		-	(408,368)
Issue of loans		(1,725,000)	(1,250,000)
Purchase of fixed asset investments		(454,335)	(1,692,514)
Interest received		11,275	179,628
<b>Net cash used in investing activities</b>		<b>(41,944,834)</b>	<b>(29,456,065)</b>
<b>Financing activities</b>			
Purchase of own shares		(120,750)	(325,520)
Net proceeds from debentures		7,598,873	45,157,766
Repayment of bank loans		(186,604)	(472,976)
Proceeds of new loans		7,155,000	-
<b>Net cash generated from financing activities</b>		<b>14,446,519</b>	<b>44,359,270</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,402,993)</b>	<b>16,255,948</b>
Cash and cash equivalents at beginning of year		48,286,338	32,030,390
<b>Cash and cash equivalents at end of year</b>		<b>38,883,345</b>	<b>48,286,338</b>
<b>Relating to:</b>			
Cash at bank and in hand		38,973,680	48,286,338
Bank overdrafts included in creditors payable within one year		(90,335)	-

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies

#### Company information

Vital Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The group consists of Vital Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis;

- Section 7 'Statement of Cash Flows'- Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/ losses for each category of financial instrument; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

#### Basis of consolidation

The consolidated financial statements incorporate those of Vital Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Total comprehensive income and other movements on reserves are split between owners of the parent company and non-controlling interests according to the interest held. Non-controlling interests are recorded separately from equity attributable to owners of the parent company on the consolidated balance sheet.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies (Continued)

#### Going concern

In assessing that the entity is a going concern, the directors have taken into account financial forecasts for the year ending June 2023 and forecasts for the period ending June 2024. The forecasts indicate a positive view of sales, profitability and cash and are underpinned by a detailed order book summary and prospect list which have allowed the directors to predict the outturn for the year ending 2023 with some accuracy, as the majority of that sales forecast consists of secured orders. A prospect list has been used by business unit directors to predict the sales then to the period ending June 2027.

Although the global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades, creating uncertainties and some delays in new project award decisions, the current financial year is benefitting from a high level of orders and prospects as a result of the introduction of the Public Sector Decarbonisation Scheme, and a general focus on decarbonisation.

Taking into account potential sensitivities, the directors have satisfied themselves that there is sufficient forecast liquidity to meet foreseeable issues in the forecast period to June 2024. The review has also been underpinned by the analysis of the company's borrowing facilities and the directors are satisfied that appropriate and committed financing arrangements are in place.

The company itself made a loss during the year of £165,788, however Vital Energi Utilities Limited, a subsidiary undertaking, has agreed to provide continued financial support and a letter of support was in place at the year end.

The directors have satisfied themselves that Vital Energi Utilities Limited is in a position to provide this support and further details of the assessment of going concern for Vital Energi Utilities Limited can be seen in the financial statements of Vital Energi Utilities Limited, which are available from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

On this basis the directors consider it appropriate to prepare the Group and Company financial statements on a going concern basis as the review conducted suggests the business will meet its obligations as they fall due for a period of at least 12 months from the approval of these financial statements.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies (Continued)

#### Turnover

The turnover shown in the profit and loss account represents the value of all goods and services provided during the year, at selling price exclusive of Value Added Tax. Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

Turnover from ongoing maintenance and project management services is recognised as the service is provided.

In the case of other revenue, turnover is recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer, which is usually on dispatch of the goods.

For construction contracts, turnover represents the value of work done in the year and is determined by reference to the stage of completion of each contract.

#### Construction contracts

Profit on construction contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Revenue derived from the variations on contracts is only recognised when they have been accepted by the customers.

Full provision is made for losses on all contracts in the year in which they are foreseen.

Amounts recoverable on contracts are amounts not yet invoiced for which work has been completed but not yet certified. Payments received on account are payments received in advance of the work being undertaken.

#### Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### Intangible fixed assets - goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life which is the period that it is expected to provide economic benefit to the group, in this case of 20 years.

Provision is made for any impairment in its value. The useful economic life is the expected period over which the company expects to derive an economic benefit, and is reviewed on an annual basis.

In addition, an impairment review is also performed where there are indicators that goodwill has been impaired, such as income or profits deriving from the acquired business which gave rise to goodwill being below original expectations.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies (Continued)

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangibles consist of accreditation costs which are stated at cost less amortisation. Cost represents purchase price together with any incidental costs of acquisition.

Internally generated intangibles are stated at cost less amortisation. Cost represents the cost incurred by the group to develop the asset.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Development costs	5% - 33% straight line
Other intangibles	40% straight line
Lease premium	30 years straight line once in operation

No amortisation has been charged in the year on the lease premium as the associated asset remains under construction as set out in the financial statements of the Company's subsidiary, Vital Energi (Drakelow) Limited.

During the year the amortisation rate of software was updated from 33% to 20%. If the rate had not been updated, the amortisation charged on this class of assets would have been £15,951, which is £4,467 higher than the charge at the new rate.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost represent purchase price together with any incidental costs of acquisition. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	5% - 25% straight line
Fixtures, fittings and equipment	10% - 33% straight line

Assets under the course of construction are depreciated when completed and ready for use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies (Continued)

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 31 December.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the group.

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the group has an obligation or has made payments on behalf of the associate.

#### Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### Stocks

Work in progress is stated at the lower of cost and realisable value less costs to complete. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the work in progress to its present condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies (Continued)

#### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Unlisted investments over which the Company has no significant influence, joint control or control are initially measured at transaction price. Transaction price includes transaction costs, except where investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Unlisted investments are measured at fair value through profit or loss, or cost less impairment if fair value cannot be measured reliably.

#### **Impairment of financial assets**

Financial assets, 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, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, debenture loans and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies (Continued)

#### Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### Retirement benefits

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies (Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

The expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Government grants

Government grants are recognised on the accruals basis.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the current and prior year, related to the government's Coronavirus Job Retention Scheme and the government's Heat Networks Investment Project (HNIP). This is included in other income in the financial statements.

The grant specifies performance conditions and is recognised in income when the performance conditions are met, which is the month in which the employees are paid or in respect of HNIP, the grant income is recognised in the income statement as costs are incurred. A grant received before the recognition criteria are satisfied is recognised as a liability and is held within accruals and deferred income.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies (Continued)

#### **Employee benefit trusts**

The group has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the group retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the group until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the group on the basis of employees' past services to the business and the group can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the group are charged to the profit and loss account in the period to which they relate.

#### **Captive insurance scheme**

The company self-insures potential insurance claims through a captive insurance scheme. It has invested in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell company and has de facto control of the assets and liabilities of the cell. The company accounts for the cell as an intermediate payment arrangement, recording the assets and liabilities, expenses and any investment income of its cell as its own, and payments made into the scheme are eliminated. Cash held by the scheme is separately identified in the balance sheet.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements.

#### Share options

The Black Scholes option pricing model is used to determine the fair value of options granted. A number of estimates and assumptions are used in the model including a risk free interest rate, a dividend yield and volatility in order to determine the weighted average value of the options included. Details of the share options are given in note 7.

#### Investments and other loans receivable

The directors have considered the carrying value of investments at the period end for indicators of impairment in line with the requirement of FRS102 and have concluded that an impairment test is not required as at 30 June 2022. The overall strategy of the Vital Energi group of companies is to progressively move from a mostly 'Design and Build' approach to one where there is a significant proportion of the business operating as an 'Energy Asset Owner', with the underlying principle to secure long-term energy supply contracts – typically 25-40 years. Whilst, initially, capital intensive, this will enhance the predictability of the company's profitability, mitigate the market variability of the current Project based work and, therefore, lead to an enhanced value for the group. The investments currently being undertaken by Vital, whether in terms of equity or loans, are in place to support this strategy; with the ultimate goal of being the long-term energy supplier for each of the projects. There may be non-energy-related benefits from holding equity stakes in some of the projects, but these are seen as secondary to the main strategy. Whilst none of the projects are close to fruition, it is believed that current progress is sufficient to support their inclusion in the balance sheet. The directors review all its investments and loans on a monthly basis and is an active and leading partner in all but one of the projects. With regard to this particular project, close regular contact is kept with senior individuals of the holding company and the loan is reviewed following those updates (and any other updates of which the business becomes aware). Based on these on-going assessments, it is not believed that, at present, the investments and loans should not be subject to any impairment provision.

#### Construction contracts

In producing the financial statements, the directors have taken judgements over the profit to be taken on Construction contracts. Profit is taken as the work is carried out where the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis based on the stage of completion by the year end which can sometimes differ to the assessments of external Quantity Surveyors. Full provision is made for losses on all contracts in the year in which they are foreseen.

#### Revenue recognition

The group reviews the nature of its contracts to assess whether they are acting as a Principal or an Agent in the transaction. Where the group concludes that they do not bear any price, inventory or credit risk in the transaction, the agreed fixed fees are recognised as Revenue (rather than the gross amounts transacted).

#### Fixed asset impairment

In producing the financial statements the directors have estimated the value in use of a material item of plant and machinery and have satisfied themselves that no impairment of the asset exists.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Other borrowings

A loan of £7.155m was received during the period ended 30 June 2022. The loan attracts an interest rate of 0.01%. Having considered Section 11 of FRS 102, the Directors have assessed this as a financing transaction and as such have measured the liability at the present value of the future payments discounted at a market rate of interest which was determined to be 5%, taking into account the rates on the funding currently utilised by the company and the rates available on Government bonds.

### 3 Prior period adjustment

#### Revenue recognition

Certain prior year amounts in respect of the sale of fuel procurement and management have been restated for consistency with the current year accounting treatment of this revenue segment. Following an assessment of the accounting for these transactions and in line with Section 23 of FRS 102, it has been assessed the company is the agent for these transactions rather than the principal and therefore the revenue recognised should only be the value of the commissions earned. Gross Profit and Reserves remain unaffected by this revenue recognition adjustment. The impact of the restatement of revenue and cost of sales is set out in the reconciliation below. This has impacted the prior year revenue figure by reducing it by £7,900,027 with cost of sales decreasing by £7,900,027. There has been no impact on the profit for the financial period or the net assets or opening equity as at 1 July 2020. There has been no impact on the company only profit and loss account, there has been no impact on the group profit for the financial.

#### Changes to the profit and loss account - group

	As previously reported	Adjustment	As restated
	£	£	£
<b>Period ended 30 June 2021</b>			
Turnover	197,611,963	(7,900,027)	189,711,936
Cost of sales	(175,100,653)	7,900,027	(167,200,626)
Profit after taxation	5,541,739	-	5,541,739

### 4 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022	2021 as restated
	£	£
<b>Turnover analysed by class of business</b>		
Energy generation and distribution schemes	209,037,791	189,711,936
	<u>209,037,791</u>	<u>189,711,936</u>
	2022	2021
	£	£
<b>Other operating income and interest income</b>		
Interest income	291,569	179,628
Grants received	164,976	433,405
RDEC	591,958	-
	<u>948,503</u>	<u>613,033</u>

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2022****4 Turnover and other revenue (Continued)**

	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	209,037,791	189,711,936

**5 Exceptional item**

	2022 £	2021 £
<b>Expenditure</b>		
Exceptional costs	169,414	-
	169,414	-

Included within exceptional costs in the current year is £88,414 in respect of the retiring Chief Financial Officer who exited office during the year, £55,000 in respect of fees for recruiting the new Chief Financial Officer and £26,000 in respect of professional fees for the company's Joint Share Ownership Plan. The directors consider these costs to be non-recurring due to the fact that there was a period of time where two Chief Financial Officers were in office. As such, the costs of the overlap period have been classified as exceptional.

**6 Employees**

The average monthly number of persons (including directors) employed during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Number of direct staff	430	391	-	-
Number of indirect staff	115	89	1	1
<b>Total</b>	<b>545</b>	<b>480</b>	<b>1</b>	<b>1</b>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	31,335,435	25,948,139	36,000	36,000
Social security costs	3,625,432	2,981,629	3,823	2,792
Pension costs	1,237,105	1,057,173	-	-
	36,197,972	29,986,941	39,823	38,792

Wages and salaries include £330,537 (2021: £nil) relating to equity-settled share-based payments.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	937,917	895,909
Company pension contributions to defined contribution schemes	65,457	66,628
	<u>1,003,374</u>	<u>962,537</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	265,650	258,767
Company pension contributions to defined contribution schemes	-	7,833
	<u>-</u>	<u>7,833</u>

### 8 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(93,809)	(73,903)
Research and development costs	330,171	215,778
Government grants	(164,976)	(433,405)
Depreciation of owned tangible fixed assets	1,267,708	1,297,672
Profit on disposal of tangible fixed assets	-	(4,380)
Amortisation of intangible assets	134,307	204,272
Operating lease charges	2,504,797	2,105,299
RDEC	(591,958)	-
	<u>-</u>	<u>-</u>

### 9 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	9,500	7,868
Audit of the financial statements of the company's subsidiaries	49,000	33,436
	<u>58,500</u>	<u>41,304</u>
<b>For other services</b>		
Taxation compliance services	15,600	12,300
All other non-audit services	22,610	16,000
	<u>38,210</u>	<u>28,300</u>

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2022****10 Interest receivable and similar income**

	2022	2021
	£	£
<b>Interest income</b>		
Interest on bank deposits	3,831	1,192
Other interest income	287,738	178,436
	<u>291,569</u>	<u>179,628</u>

**11 Interest payable and similar expenses**

	2022	2021
	£	£
Interest on bank overdrafts and loans	2,943	26,764
Other interest	5,223,485	1,827,181
	<u>5,226,428</u>	<u>1,853,945</u>

Included within other interest is interest of £5,223,485 (2021: £1,825,545) charged in respect of a debenture, the terms of which are disclosed in note 22.

**12 Taxation**

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	2,651,216	2,349,933
Adjustments in respect of prior periods	52,855	(234,683)
	<u>2,704,071</u>	<u>2,115,250</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,350,915)	(637,180)
Changes in tax rates	-	7,253
Adjustment in respect of prior periods	79,849	152
	<u>(1,271,066)</u>	<u>(629,775)</u>
<b>Total tax charge</b>	<u>1,433,005</u>	<u>1,485,475</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 12 Taxation (Continued)

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	4,520,481	7,027,214
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	858,891	1,335,171
Tax effect of expenses that are not deductible in determining taxable profit	882,274	527,234
Adjustments in respect of prior years	52,855	(234,683)
Permanent capital allowances in excess of depreciation	(86)	-
Other permanent differences	(116,557)	3,272
Deferred tax adjustments in respect of prior years	79,849	152
Adjust deferred tax to average rate	(324,221)	(145,671)
Taxation charge	1,433,005	1,485,475

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 30 June 2022.

### 13 Intangible fixed assets

Group	Goodwill	Software	Development costs	Other intangibles	Lease premium	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 July 2021	527,717	57,423	933,459	1,125,366	3,727,716	6,371,681
Additions - internally developed	-	-	226,985	-	-	226,985
Additions - separately acquired	6,070	14,760	-	14,180	-	35,010
At 30 June 2022	533,787	72,183	1,160,444	1,139,546	3,727,716	6,633,676
<b>Amortisation and impairment</b>						
At 1 July 2021	204,342	41,472	466,313	214,897	-	927,024
Amortisation charged for the year	23,500	(5,104)	69,805	46,106	-	134,307
At 30 June 2022	227,842	36,368	536,118	261,003	-	1,061,331
<b>Carrying amount</b>						
At 30 June 2022	305,945	35,815	624,326	878,543	3,727,716	5,572,345
At 30 June 2021	323,375	15,951	467,146	910,469	3,727,716	5,444,657

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 13 Intangible fixed assets (Continued)

The company had no intangible fixed assets at 30 June 2022 or 30 June 2021.

Included within additions - separately acquired is £6,070 in relation to stamp duty on the transfer of shares to group companies.

### 14 Tangible fixed assets

Group	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 July 2021	34,669,486	7,404,121	3,764,156	45,837,763
Additions	40,506,140	409,393	787,735	41,703,268
Disposals	-	-	(1,081,801)	(1,081,801)
At 30 June 2022	75,175,626	7,813,514	3,470,090	86,459,230
<b>Depreciation and impairment</b>				
At 1 July 2021	-	5,864,921	2,814,710	8,679,631
Depreciation charged in the year	-	525,249	742,459	1,267,708
Eliminated in respect of disposals	-	-	(1,081,801)	(1,081,801)
At 30 June 2022	-	6,390,170	2,475,368	8,865,538
<b>Carrying amount</b>				
At 30 June 2022	75,175,626	1,423,344	994,722	77,593,692
At 30 June 2021	34,669,486	1,539,200	949,446	37,158,132

The company had no tangible fixed assets at 30 June 2022 or 30 June 2021.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and machinery	2,204,978	-	-	-

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	10,810,741	10,480,104
Unlisted investments		4,548,899	4,094,564	-	1,275,848
		<u>4,548,899</u>	<u>4,094,564</u>	<u>10,810,741</u>	<u>11,755,952</u>

### Movements in fixed asset investments Group

	Unlisted investments £
<b>Cost</b>	
At 1 July 2021	4,094,564
Additions	454,335
At 30 June 2022	<u>4,548,899</u>
<b>Carrying amount</b>	
At 30 June 2022	<u>4,548,899</u>
At 30 June 2021	<u>4,094,564</u>

The additions within unlisted investments include an additional 5% interest acquired in NLA Europe Limited. Of this, 2.5% was purchased on 25 October 2021 for consideration of £225,000 and 2.5% was purchased on 25 January 2022 for consideration for £225,000. The investment in NLA Europe Limited now stands at 10% directly and 17.5% indirectly through the 15% ownership of the Chiltern Management Group Limited. It is still being treated as an unlisted investment as the Group do not have significant influence over this company.

The additions within unlisted investments also include £4,335 in respect of stamp duty incurred on the transfer of shares between group companies.

The group has a 21.83% share in Hull Eco Park Limited. This has been treated as an investment on consolidation as, despite the shareholding exceeding 20%, the directors do not consider the group to have significant influence.

**VITAL HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2022****15 Fixed asset investments (Continued)****Movements in fixed asset investments  
Company**

	<b>Shares in group undertakings</b>	<b>Unlisted investments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>			
At 1 July 2021	10,480,104	1,275,848	11,755,952
Additions	100	-	100
Capital contribution	330,537	-	330,537
Disposals	-	(1,275,848)	(1,275,848)
	<u>10,810,741</u>	<u>-</u>	<u>10,810,741</u>
<b>Carrying amount</b>			
At 30 June 2022	10,810,741	-	10,810,741
	<u>10,810,741</u>	<u>-</u>	<u>10,810,741</u>
At 30 June 2021	10,480,104	1,275,848	11,755,952
	<u>10,480,104</u>	<u>1,275,848</u>	<u>11,755,952</u>

The additions within shares in group undertakings relate to the company subscribing to the entire ordinary share capital of Vital Holdings Investments Limited on its incorporation on 6 December 2021.

During the year there was also a capital contribution of £330,537 which represents the value of share options granted in Vital Holdings Limited to employees employed by the subsidiary Vital Energi Limited.

The disposals within unlisted investments relate to the disposal of the company's shareholding in two unlisted companies, Chiltern Management Group Limited and New Technology Developments Limited, of 15% each on 31 March 2022. Total consideration received in respect of these disposals was £1,275,848. These investments were disposed of to another company within the group as part of a group reconstruction.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 16 Subsidiaries

These financial statements are separate company financial statements for Vital Holdings Limited.

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
CEF and NHM ESCo Limited**	Note 1	Non-trading	Ordinary	-	100.00
H2010 ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
St Mark's Square ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Movement ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Paintworks ESCo Limited*	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Vital Energi Generation Limited	Note 1	Non-trading	Ordinary	75.00	-
Vital Energi Solutions Limited	Note 1	Design, build and operation/maintenance of NHS Hospital Energy Centre and performance contracts	Ordinary	100.00	-
Vital Energi Trustee Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Energi Utilities Limited	Note 1	Supply and installation of decentralised energy generation and distribution schemes	Ordinary	100.00	-
Vital Community Energi Limited (Formerly known as Vital Holdings Holdings (Residential ESCo) Limited)	Note 1	Dormant holding company	Ordinary	100.00	-
Vital Energi (Drakelow) Limited***	Note 1	Design, build and operation of energy plant	Ordinary	-	75.00
Biomass Power Kochi Limited*****	Note 1	Developer of a waste to energy plant	Ordinary	-	100.00
Vital Efficiency Limited	Note 1	Non-trading	Ordinary	100.00	-
Eco Park Developments Limited****	Note 2	Investor in the Yorkshire Energy Park	Ordinary	-	50.50
Vital Holdings Investments Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital SGN Investments Limited*****	Note 1	Non-trading	Ordinary	-	100.00
Vital Chiltern Investments Limited*****	Note 1	Non-trading	ordinary	-	100.00
Vital Energi (Bilsthorpe) Limited**	Note 1	Non-trading	Ordinary	-	100.00

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 16 Subsidiaries (Continued)

Note 1: Century House, Roman Road, Blackburn, Lancashire, BB1 2LD

Note 2: Owen House, Priory Park, Hessle, East Yorkshire, HU13 9PD

\*held as an investment in Vital Community Energi Limited (Formerly known as Vital Holdings Holdings (Residential ESCo) Limited)

\*\*held as an investment in Vital Energi Solutions Limited

\*\*\*held as an investment in Vital Energi Generation Limited

\*\*\*\*held as an investment in Vital Chiltern Investments Limited

\*\*\*\*\*held as an investment in Vital Holdings Investments Limited

\*\*\*\*\*held as an investment in Vital Energi Utilities Limited

On 6 December 2021, the group subscribed to the entire ordinary share capital of Vital Holdings Investments Limited on its incorporation.

On 7 December 2021, the group subscribed to the entire ordinary share capital of Vital SGN Investments Limited on its incorporation.

On 7 December 2021, the group subscribed to the entire ordinary share capital of Vital Chiltern Investments Limited on its incorporation.

On 14 December 2021, the group subscribed to the entire ordinary share capital of Vital Energi (Bilthorpe) Limited on its incorporation.

The company's voting rights in respect of each subsidiary are held in the same proportion as the company's share of the ordinary share capital of each subsidiary. All of the above companies are incorporated in England & Wales. Biomass Power Kochi Limited, St Mark's Square ESCo Limited, Vital Holdings Investments Limited, Vital Chiltern Investments Limited, Vital SGN Investments Limited and Vital Energi (Bilthorpe) Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. Further details in relation to this can be found in note 31.

### 17 Associates

Details of associates at 30 June 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
G.J. Eco Power Private Limited*	Note 1	Waste Management	Ordinary	-	26.00

Note 1: 3rd Floor, Sarayu Complex, Seaport Airport Road, Kakkanad, Kochi, Kerala 682030, India.

\*held as an investment in Vital Energi Utilities Limited

The results of the associates have not been included within the consolidated figures as the impact is not considered material.

### 18 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Work in progress	5,763,938	5,461,284	-	-



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 18 Stocks (Continued)

During the year, an impairment loss was recognised in a group company in regards to the write off of stock of £149,108 (2021: £nil) within cost of sales. No earlier stock write downs have been reversed during the current, or preceding year.

### 19 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	25,813,995	30,533,856	-	-
Gross amounts owed by contract customers	26,383,579	26,811,076	-	-
Corporation tax recoverable	-	536,377	-	-
Amounts owed by group undertakings	-	-	29,777,242	23,246,449
Other debtors	2,458,060	1,986,651	11,000	177,268
Prepayments and accrued income	1,760,717	1,665,966	-	-
	<u>56,416,351</u>	<u>61,533,926</u>	<u>29,788,242</u>	<u>23,423,717</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	1,280,619	-
Other debtors	4,433,731	1,250,000	-	-
	<u>4,433,731</u>	<u>1,250,000</u>	<u>1,280,619</u>	<u>-</u>
Deferred tax asset (note 24)	1,878,026	606,960	-	-
	<u>6,311,757</u>	<u>1,856,960</u>	<u>1,280,619</u>	<u>-</u>
<b>Total debtors</b>	<u>62,728,108</u>	<u>63,390,886</u>	<u>31,068,861</u>	<u>23,423,717</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 19 Debtors (Continued)

#### Group

Included in gross amounts owed by contract customers are retentions of £12.8m (2021: £13.0m) which are due from customers over a period of 1 to 4 years. The amounts falling due in more than 1 year are £7.34m (2021: £5.43m).

Included within other debtors due after one year is an amount of £1.3m (2021: £1m included within other debtors within one year) with interest being charged at 12% per annum, charged monthly. The loan is due for repayment by 31 May 2025.

Included within other debtors due after one year is an amount of £1.4m (2021: £nil) with interest being charged at 10% per annum, charged quarterly. The loan is due for repayment by 21 November 2023.

Included within other debtors due after one year is an amount of £0.4m (2021: £nil) with interest being charged at 4% from the first anniversary of the agreement, being 30 September 2022. The loan is due for repayment by 31 October 2025.

Included within other debtors due after one year is an amount of £1.1m (2021: £1m) with interest being charged at 6% per annum, charged monthly. The loan is due for repayment by 15 September 2025.

Included within other debtors due after one year is an amount of £0.2m (2021: £0.3m) with interest being charged at 4% per annum, charged monthly. The loan is due for repayment by 31 August 2025.

#### Company

Amounts owed by group undertakings includes £29.7m (2021: £22m) with interest charged at 12% per annum, charged monthly. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months.

Amounts owed by group undertakings falling due after more than one year includes £1.3m (2021: £nil) with interest charged at 3.25% per annum. The loan is repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

### 20 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Debenture loans	22	-	2,124,556	-	-
Bank loans and overdrafts	22	90,335	186,604	90,335	-
Obligations under finance leases	23	265,579	-	-	-
Trade creditors		19,466,592	17,869,952	56,400	-
Amounts owed to group undertakings		-	-	29,690,372	25,640,844
Corporation tax payable		1,174,818	-	-	-
Other taxation and social security		3,759,436	9,400,225	-	-
Other creditors		6,923,019	4,052,618	-	-
Accruals and deferred income		53,782,855	45,989,134	41,204	18,078
		<u>85,462,634</u>	<u>79,623,089</u>	<u>29,878,311</u>	<u>25,658,922</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 20 Creditors: amounts falling due within one year (Continued)

#### Group

Included within accruals and deferred income is £780,000 (2021: £nil) in respect of government grant income for the government's Heat Networks Investment Project. £150,000 of grant income was recognised in the year in respect of this project.

Included in other creditors is an amount of £161,490 (2021: £nil) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 22). The balance is being released over a period of 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

#### Company

Amounts owed to group undertakings includes £29.7m (2021: £22m) with interest charged at 12% per annum, charged monthly. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months.

### 21 Creditors: amounts falling due after more than one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Debenture loans	22	61,596,872	47,902,965	-	-
Obligations under finance leases	23	1,922,910	-	-	-
Other borrowings	22	3,204,458	-	-	-
Amounts owed to group undertakings		-	-	2,497,035	-
Other creditors		4,289,052	902,334	-	-
		<u>71,013,292</u>	<u>48,805,299</u>	<u>2,497,035</u>	<u>-</u>

#### Group

Included in other creditors is an amount of £3,789,052 (2021: £nil) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 22). The balance is being released over a period of 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

#### Company

Amounts owed to group undertakings includes £2,497,035 (2021: £nil) with interest charged at 3.25% per annum, charged monthly. The loan is repayable on 31 December 2026 or such date as may be determined by a resolution of the directors

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>31,382,936</u>	<u>-</u>	<u>-</u>	<u>-</u>
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# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 22 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Debenture loans	61,596,872	50,027,521	-	-
Bank loans	-	186,604	-	-
Bank overdrafts	90,335	-	90,335	-
Other loans	3,204,458	-	-	-
	<u>64,891,665</u>	<u>50,214,125</u>	<u>90,335</u>	<u>-</u>
Payable within one year	90,335	2,311,160	90,335	-
Payable after one year	<u>64,801,330</u>	<u>47,902,965</u>	<u>-</u>	<u>-</u>

Included within bank loans is £nil (2021: £186,604) relating to a loan guaranteed by a third party and secured on an asset of the company by means of fixed and floating charges including negative pledges. The loan was repaid in monthly instalments of £37,874 which included interest. Interest was charged at 6% per annum. The final payment was made in November 2021.

Included in other loans is a balance of £3,204,458 which relates to a loan, received from BEIS. The loan is repayable in 51 six monthly instalments commencing June 2027 and carries interest of 0.01%. As noted in the accounting policies, the Directors have assessed the balance as representing a financing transaction and have discounted the liability to present value. As at 30 June 2022, the gross liability has been discounted by £3,950,542. The final repayment will be made in June 2052. No security is held in respect of this loan.

The bank overdrafts are secured by a third party on the assets of the Group by means of fixed and floating charges including negative pledges.

The debenture of £61,596,872 (2021: £50,027,521) has a total term of 33 years, of which 32 years are remaining. Interest is charged at an effective rate of 9.44% per annum. The debenture is secured by fixed and floating charges over all property and undertakings of Vital Energi Drakelow Limited, a subsidiary undertaking, including a negative pledge.

### 23 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Less than one year	265,579	-	-	-
Between one and five years	1,213,530	-	-	-
After five years	709,380	-	-	-
	<u>2,188,489</u>	<u>-</u>	<u>-</u>	<u>-</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 23 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 7 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group has a charge dated 29 June 2022, in favour of Paragon Commercial Finance Limited, in respect of the finance leases. The charge contains a fixed charge over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

### 24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets/ (liabilities) 2022 £	Assets/ (liabilities) 2021 £
<b>Group</b>		
Short term timing differences	2,150,343	689,792
Fixed asset timing differences	(272,317)	(97,990)
Retirement benefit obligations	-	15,158
	<u>1,878,026</u>	<u>606,960</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
<b>Movements in the year:</b>		
Asset at 1 July 2021	(606,960)	-
Credit to profit or loss	(1,271,066)	-
Asset at 30 June 2022	<u>(1,878,026)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse in more than 12 months and principally relates to pre-trading expenditure.

### 25 Share-based payment transactions

During the year ended 30 June 2022, the following share based payment remuneration plans were in place.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 25 Share-based payment transactions (Continued)

Group	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 July 2021	4,250	4,250	-	1.00
Granted	5,410,614	-	0.07	-
Exercised	(4,250)	-	1.00	-
Outstanding at 30 June 2022	<u>5,410,614</u>	<u>4,250</u>	<u>-</u>	<u>-</u>
Exercisable at 30 June 2022	<u>-</u>	<u>4,250</u>	<u>-</u>	<u>1.00</u>

**The Vital Energi Utilities Enterprise Management Incentive Plan between The Vital Energi Utilities Employee Benefit Trust and certain officials of the company:**

The options were exercised during the year and had an exercise price of £1.00. No charge has previously been recognised for these options as the amount involved was not considered to be material.

**The Company Share Option Plan between Vital Holdings Limited and certain officials of the group:**

The share based payment expense relates to employees in one of the company's trading subsidiaries.

The options outstanding at 30 June 2022 had an exercise price of £0.07, and a remaining contractual life of 5 years.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

### 26 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>1,237,105</u>	<u>1,057,173</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At 30 June 2022 the group had outstanding pension contributions of £208,773 (2021: £181,430).

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 27 Share capital

	Group and Company			
	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
A Ordinary shares of £1 each	-	100,000	-	100,000
B Ordinary shares of £1 each	-	83,002	-	83,002
D Ordinary shares of £1 each	-	50,000	-	50,000
Ordinary shares of 0.099p each	100,000,000	-	99,000	-
Ordinary shares of 0.1p each	83,002,000	-	83,002	-
Ordinary shares of 0.10928962p each	45,750,000	-	50,000	-
Preferred shares of 1p each	100,000	-	1,000	-
	<u>228,852,000</u>	<u>233,002</u>	<u>233,002</u>	<u>233,002</u>

On 9<sup>th</sup> September 2021, the company redesignated 100,000 A Ordinary Shares of £1.00 each to 100,000,000 Ordinary shares of £0.0099 each and 100,000 Preferred Shares of £0.01 each. On the same date, the company redesignated 83,002 B Ordinary shares of £1.00 each to 83,002,000 Ordinary shares of £0.001 each and 50,000 D Ordinary shares of £1.00 each to 45,750,000 Ordinary shares of £0.001 each.

The holders of Preferred shares have the right to a preferential payment of £45 per share upon a capital distribution or in the case of winding up the company. The shares do not confer any rights of redemption, any rights to a dividend, nor any rights to vote at a general meeting of the company.

The holders of the Ordinary shares have the right to vote and receive income. All Ordinary shares rank below Preferred shares in the case of winding up the company.

### 28 Employee Benefit Trust

The group has established an Employee Benefit Trust with the object of promoting employee loyalty and goodwill.

In accordance with Section 10 of FRS 102 the trust net deficit of £22,884 (2021: £22,884) has been incorporated into the company's balance sheet.

### 29 Reserves

#### Other reserve

Included within the other reserve within the group is £233,001 (2021: £233,001) and within the company is £10,246,998 (2021: £10,246,998) relating to a merger reserve which arose on a previous group reorganisation.

The above reserve was categorised as a capital redemption reserve in the prior year. This has been corrected in this set of financial statements.

Also included in other reserves is £330,537 (2021: Nil) relating to a share based payment reserve within the group and company arising from the company's participation in a group share based payment plan.

#### Own shares

The other reserve comprises the investment in own shares of 5,261,250 (2021: 10,000) Ordinary shares of £0.001 (2021: £1) each in Vital Holdings Limited that are held by The Vital Energi Utilities Employee Benefit Trust. In accordance with section 9 of FRS 102 the investment has been shown as a deduction in shareholders' funds.

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 29 Reserves (Continued)

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

### 30 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	3,087,476	5,541,739
<b>Adjustments for:</b>		
Taxation charged	1,433,005	1,485,475
Finance costs	5,226,428	1,853,945
Investment income	(291,569)	(179,628)
Gain on disposal of tangible fixed assets	-	(4,380)
Amortisation and impairment of intangible assets	134,307	204,273
Depreciation and impairment of tangible fixed assets	1,267,708	1,297,673
Equity settled share based payment expense	330,537	-
<b>Movements in working capital:</b>		
Increase in stocks	(302,654)	(3,192,526)
Decrease/(increase) in debtors	3,402,761	(22,024,481)
Increase in creditors	6,056,149	20,598,322
<b>Cash generated from operations</b>	<b>20,344,148</b>	<b>5,580,412</b>

### 31 Analysis of changes in net debt - group

	1 July 2021 £	Cash flows £	New leases £	Non-cash £	30 June 2022 £
Cash at bank and in hand	48,286,338	(9,312,658)	-	-	38,973,680
Bank overdrafts	-	(90,335)	-	-	(90,335)
	48,286,338	(9,402,993)	-	-	38,883,345
Borrowings excluding overdrafts	(50,214,125)	(10,616,726)	-	(3,970,479)	(64,801,330)
Obligations under finance leases	-	-	(2,188,489)	-	(2,188,489)
	(1,927,787)	(20,019,719)	(2,188,489)	(3,970,479)	(28,106,474)

Included within cash at bank and in hand is £264,447 in relation to the group's captive insurance scheme. Of this amount, £100,000 relates to the group's investment in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell company. The remainder relates to cash held within the protected cell company.



# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 32 Financial commitments, guarantees and contingent liabilities

A group company provided a guarantee relating to loans and overdrafts granted to fellow group companies by the Royal Bank of Scotland. This guarantee was satisfied on 30 March 2022.

A group company had three charges, dated 4 April 2014, 7 May 2020 and 23 July 2020, in favour of The Royal Bank of Scotland plc containing fixed and floating charges and negative pledges. These charges were satisfied in full on 30 March 2022.

A group company has numerous charges in favour of Aviva Investors Energy Centres No. 1 Limited Partnership. The charges contain fixed charges, floating charges and negative pledges over the property or undertaking of the company.

A group company has a charge dated 4 April 2014, in favour of The Royal Bank of Scotland plc. The charge contains a fixed and floating charge and a negative pledge. The floating charge is over all the property or undertaking of the company. The charge was satisfied in full on 10 December 2021.

A group company has three charges dated 3 December 2015, 6 December 2018 and 15 December 2021, in favour of De Lage Landen Leasing Limited. The charges contain a fixed charge, a floating charge and a negative pledge over property or undertaking of the company.

A group company has a charge dated 29 June 2022, in favour of Paragon Commercial Finance Limited, in respect of the finance leases. The charge contains a fixed charge over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

Biomass Power Kochi Limited, St Mark's Square ESCo Limited, Vital Holdings Investments Limited, Vital Chiltern Investments Limited, Vital SGN Investments Limited and Vital Energi (Bilthorpe) Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. As such Vital Holdings Limited, the parent undertaking, guarantees all outstanding liabilities to which the companies are subject at the end of the financial year, until they are satisfied in full, and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies are liable in respect of those liabilities.

#### 33 Operating lease commitments

##### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	2,389,533	2,005,100	-	-
Between one and five years	5,620,837	3,324,692	-	-
In over five years	3,177,085	-	-	-
	<u>11,187,455</u>	<u>5,329,792</u>	<u>-</u>	<u>-</u>

# VITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 34 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	427,813	8,028,049	-	-

### 35 Events after the reporting date

On 20 September 2022, Vital Holdings Limited repurchased 2,287,520 Ordinary shares of 0.1p (rounded) each for consideration of £1,150,000.

On 11 July 2022, Vital Holdings Limited paid the final remaining consideration of £450,000 in relation to the 1,143,750 0.1p (rounded) shares repurchased on this date, for which an interim payment was made during the year.

### 36 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel of the group is as follows:

	2022 £	2021 £
Aggregate compensation	3,387,011	3,732,492

#### Other information

At 30 June 2022, the group owed £30,000 (2021: £80,773) to companies with common directors, shareholders and close family members and was owed £14,971 (2021: £66,969) by these companies. During the year the group made sales of £217,938 (2021: £876,034) to these companies and made purchases of £921,469 (2021: £926,280) from these companies. The remaining movement relates to payments and receipts.

Included in other creditors is amounts due to a director of £4,496,205 (2021: £1,313,477). An amount of £3,173,054 (2021: £1,656,380) was repaid and an amount of £6,355,782 (2021: £2,966,258) was advanced during the year. The maximum overdrawn amount during the year was £nil (2021: £738,400).

Included within other debtors due after one year is an amount of £1,388,521 (2021: £nil) due from a company in which Vital Chiltern Investments Limited, a subsidiary, has a participating interest. Interest is charged at 10% per annum, charged quarterly. The loan is due for repayment by 21 November 2023.

Included within other debtors due after one year is an amount of £400,000 (2021: £nil) due from a company in which Vital Chiltern Investments Limited, a subsidiary, has a participating interest. Interest is charged at 4% from the first anniversary of the agreement, being 30 September 2022. The loan is due for repayment by 31 October 2025.

Included within other debtors due after one year is an amount of £258,110 (2021: £0.3m) due from a company in which Vital Chiltern Investments Limited, a subsidiary, has a participating interest. Interest is charged at 4% per annum, charged monthly. The loan is due for repayment by 31 August 2025.

## **VITAL HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022**

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#### **37 Controlling party**

The company is ultimately controlled by Mr G J Fielding and close family who controlled the majority of the issued share capital of the company during the year.

**Company Registration No. 07110216 (England and Wales)**

**VITAL ENERGI GENERATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2024**

VITAL ENERGI GENERATION LIMITED

COMPANY INFORMATION

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Directors	Mr G J Fielding Mr I M Whitelock Mr M Riley Ms C Parker
Secretary	Mr S McKechnie
Company number	07110216
Registered office	Century House Roman Road Blackburn Lancashire BB1 2LD
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

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# VITAL ENERGI GENERATION LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2024

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The directors present their annual report and financial statements for the year ended 30 June 2024.

#### Principal activities

The principal activity of the company during the year was that of an intermediate holding company.

#### Directors

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

Mr G J Fielding  
Mr I M Whitelock  
Mr B C Talbott  
Mr M Riley  
Ms C Parker

(Resigned 13 September 2024)

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Going concern

The company made a loss of £390,000 (2023: £384,000) during the year and due to the deficit on the balance sheet at the year end, the directors have secured written support from Vital Energi Utilities Limited (VEUL), a fellow group company, which has pledged to provide financial support to the company for the foreseeable future, ensuring it can meet its obligations as they become due.

The directors have carefully evaluated and confirmed that Vital Energi Utilities Limited is capable of providing the necessary support. Additional details regarding the going concern assessment for Vital Energi Utilities Limited are available in its financial statements, accessible at Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The subsidiary Company, Vital Energi Drakelow Limited, has achieved significant milestones in the development of its waste-to-energy plant. Notably, successful power generation from three streams during the review period underscores the subsidiary Company's progress. Furthermore, the subsidiary Company achieved a critical milestone with the successful Take Over of the Plant on 30 November 2024. This achievement, together with ongoing waste intake turnover, strengthens the subsidiary Company's position and prospects and therefore that of Vital Energi Generation Limited. The Directors are satisfied the company keeps effectively navigating operational challenges.

While the Company continues to navigate the complexities of the energy sector, the directors believe that the Company's strong operational performance, the successful Take Over of the Plant, and the ongoing support from Vital Energi Utilities Limited provide a solid foundation for continued growth and success

On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

VITAL ENERGI GENERATION LIMITED

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024

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On behalf of the board

  
.....  
Mr G J Fielding  
**Director**

Date: 04/02/25  
.....

# **VITAL ENERGI GENERATION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 30 JUNE 2024**

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The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGI GENERATION LIMITED

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## Opinion

We have audited the financial statements of Vital Energi Generation Limited (the 'company') for the year ended 30 June 2024 which comprise the income statement, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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.

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGY GENERATION LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGY GENERATION LIMITED (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

### 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.

*Michael Oates*

Michael Oates CA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire, PR2 5PE  
.05/02/25.....

VITAL ENERGI GENERATION LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 £'000	2023 £'000
Administrative expenses		(5)	(6)
Interest receivable and similar income	3	4,430	3,782
Interest payable and similar expenses	4	(4,945)	(4,259)
Loss before taxation		(520)	(483)
Tax on loss		130	99
Loss for the financial year		(390)	(384)

**VITAL ENERGI GENERATION LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2024**

		2024		2023	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments	5		3,728		3,728
<b>Current assets</b>					
Debtors falling due after more than one year	7	41,589		36,925	
Debtors falling due within one year	7	160		129	
		41,749		37,054	
<b>Creditors: amounts falling due within one year</b>	8	(506)		(6)	
<b>Net current assets</b>			41,243		37,048
<b>Total assets less current liabilities</b>			44,971		40,776
<b>Creditors: amounts falling due after more than one year</b>	9		(46,261)		(41,676)
<b>Net liabilities</b>			(1,290)		(900)
<b>Capital and reserves</b>					
Called up share capital			-		-
Profit and loss reserves			(1,290)		(900)
<b>Total equity</b>			(1,290)		(900)

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

The financial statements were approved by the board of directors and authorised for issue on 04/02/25 and are signed on its behalf by:



Mr G J Fielding  
Director

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

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#### 1 Accounting policies

##### Company information

Vital Energi Generation Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Vital Energi Generation Limited is a subsidiary of Vital Holdings Limited and the results of Vital Energi Generation Limited are included in the consolidated financial statements of Vital Holdings Limited which are available from Companies House.

##### Going concern

The company made a loss of £390,000 (2023: £384,000) during the year and due to the deficit on the balance sheet at the year end, the directors have secured written support from Vital Energi Utilities Limited (VEUL), a fellow group company, which has pledged to provide financial support to the company for the foreseeable future, ensuring it can meet its obligations as they become due.

The directors have carefully evaluated and confirmed that Vital Energi Utilities Limited is capable of providing the necessary support. Additional details regarding the going concern assessment for Vital Energi Utilities Limited are available in its financial statements, accessible at Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The subsidiary Company, Vital Energi Drakelow Limited, has achieved significant milestones in the development of its waste-to-energy plant. Notably, successful power generation from three streams during the review period underscores the subsidiary Company's progress. Furthermore, the subsidiary Company achieved a critical milestone with the successful Take Over of the Plant on 30 November 2024. This achievement, together with ongoing waste intake turnover, strengthens the subsidiary Company's position and prospects and therefore that of Vital Energi Generation Limited. The Directors are satisfied the company keeps effectively navigating operational challenges.

While the Company continues to navigate the complexities of the energy sector, the directors believe that the Company's strong operational performance, the successful Take Over of the Plant, and the ongoing support from Vital Energi Utilities Limited provide a solid foundation for continued growth and success.

On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

##### Fixed asset investments

Interests in subsidiaries entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

VITAL ENERGI GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2024

---

1 Accounting policies (Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

**Basic financial assets**

Basic financial assets, which include amounts owed by group undertakings, are initially measured at transaction price.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Basic financial liabilities**

Basic financial liabilities, which include other creditors and amounts owed to group undertakings, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

**Taxation**

The tax expense represents the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

2 Employees

There were no employees in the current or prior year.

3 Interest receivable and similar income

	2024 £'000	2023 £'000
Interest receivable and similar income includes the following:		
Interest receivable from group companies	4,430	3,782

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 4 Interest payable and similar expenses

2024	2023
£'000	£'000

Interest payable and similar expenses includes the following:

Interest payable to group undertakings	4,945	4,259
	<u>          </u>	<u>          </u>

### 5 Fixed asset investments

2024	2023
£'000	£'000

Shares in group undertakings	3,728	3,728
	<u>          </u>	<u>          </u>

#### Movements in fixed asset investments

Shares in group undertakings £'000
---

#### Cost

At 1 July 2023 & 30 June 2024	3,728
	<u>          </u>

#### Carrying amount

At 30 June 2024	3,728
	<u>          </u>

At 30 June 2023	3,728
	<u>          </u>

### 6 Subsidiaries

Details of the company's subsidiaries at 30 June 2024 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Vital Energi (Drakelow) Limited	(i)	Developer and operator of a waste to energy plant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

(i) Century House, Roman Road, Blackburn, Lancashire, England, BB1 2LD



# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 7 Debtors

	2024 £'000	2023 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	160	129
	<u>          </u>	<u>          </u>
<b>Amounts falling due after more than one year:</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
Amounts owed by group undertakings	41,589	36,925
	<u>          </u>	<u>          </u>
<b>Total debtors</b>	<b>41,749</b>	<b>37,054</b>
	<u>          </u>	<u>          </u>

Amounts owed by group undertakings falling due within one year are interest free. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be repaid within 12 months.

Amounts owed by group undertakings falling due after more than one year relate to 12% secured loan notes issued by a fellow group undertaking. The loan notes are repayable on 27 January 2053, being the thirty third anniversary of the date of the instrument, or such date as may be determined by a resolution of the directors or upon an exit event, even if earlier.

Interest is payable on redemption of the loan notes. At the period end, total cumulative interest of £11,317,000 (2023: £6,866,000) has been added to the loan note value.

### 8 Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Other creditors	506	6
	<u>          </u>	<u>          </u>

The amounts included in other creditors relate to deferred consideration payable in relation to the acquisition of Vital Energi (Drakelow) Limited. In the prior year, the deferred consideration payable was included within creditors due after more than one year, with the movement into short term reflecting the anticipated timing of payments.

### 9 Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Amounts owed to group undertakings	46,261	41,176
Other creditors	-	500
	<u>          </u>	<u>          </u>
	<b>46,261</b>	<b>41,676</b>
	<u>          </u>	<u>          </u>

**VITAL ENERGI GENERATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2024**

---

**9 Creditors: amounts falling due after more than one year (Continued)**

Amounts owed to group undertakings falling due after more than one year includes £41.5m (2023: £36.8m) with interest charged at 12% per annum, charged monthly. The loan is due for repayment by 27 January 2053 or any other date agreed between both parties.

Amounts owed to group undertakings includes £4.8m (2023: £4.4m) with interest charged at 12% per annum, charged monthly. The loans are repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

Creditors which fall due after five years are as follows:	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Payable other than by instalments	41,456	36,791
	<u>          </u>	<u>          </u>

**10 Financial commitments, guarantees and contingent liabilities**

The company has provided a guarantee relating to a debenture granted to a fellow group company by a third party. At the year end the potential liability was £76,239,000 (2023: £75,511,000).

**11 Parent company**

The directors consider the ultimate parent company to be Vital Holdings Limited, a company incorporated in the United Kingdom. Vital Holdings Limited is the smallest and only parent undertaking preparing group accounts including the results of this company. The registered office of Vital Holdings Limited is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

**Company Registration No. 07110216 (England and Wales)**

**VITAL ENERGI GENERATION LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2023**

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## **VITAL ENERGI GENERATION LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2023**

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The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company Registration No. 07110216

**VITAL ENERGI GENERATION LIMITED****BALANCE SHEET****AS AT 30 JUNE 2023**

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Investments	3		3,727,816		3,727,816
<b>Current assets</b>					
Debtors falling due after more than one year	5	36,924,912		29,688,291	
Debtors falling due within one year	5	129,043		163,738	
		37,053,955		29,852,029	
<b>Creditors: amounts falling due within one year</b>	6	(5,531)		(29,619,904)	
<b>Net current assets</b>			37,048,424		232,125
<b>Total assets less current liabilities</b>			40,776,240		3,959,941
<b>Creditors: amounts falling due after more than one year</b>	7		(41,675,763)		(4,475,587)
<b>Net liabilities</b>			(899,523)		(515,646)
<b>Capital and reserves</b>					
Called up share capital			1		1
Profit and loss reserves			(899,524)		(515,647)
<b>Total equity</b>			(899,523)		(515,646)

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 01/02/24 and are signed on its behalf by:



Mr G J Fielding  
Director

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

---

#### 1 Accounting policies

##### Company information

Vital Energi Generation Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Vital Energi Generation Limited is a subsidiary of Vital Holdings Limited and the results of Vital Energi Generation Limited are included in the consolidated financial statements of Vital Holdings Limited which are available from Companies House.

##### Going concern

The company made a loss of £383,877 during the year and due to the deficit on the balance sheet at the year end, the directors have obtained written support from Vital Energi Utilities Limited (VEUL), another group company, which commits to providing financial support to the company for the foreseeable future to enable the company to meet its liabilities as they fall due.

The directors have satisfied themselves that Vital Energi Utilities Limited is in a position to provide this support and further details of the assessment of going concern for Vital Energi Utilities Limited can be seen in its financial statements, which are available from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The company's main subsidiary, Vital Energi Drakelow Limited, is building a waste to energy plant. In the context of our waste-to-energy plant construction, it is imperative to acknowledge the broader landscape. The directors have duly recognised that the unforeseen challenges brought forth by the COVID-19 pandemic have, to a certain extent, impacted the procurement timelines for components sourced internationally. It is of paramount importance to emphasise that these delays, while notable, have been meticulously managed and seamlessly integrated into our existing project schedules. They have not risen to a level of significance that would jeopardise the overall progress of the endeavour.

In the latest stage of hot commissioning subsequent to the balance sheet date, it is readily apparent that the company remains unwavering in its commitment to project advancement. The successful handling of component delays underscores our adaptability and the robust project management systems in place. We maintain a steadfast determination to ensure the timely and successful completion of the plant, a clear testament to our ongoing dedication to project delivery. We are pleased to report power generation turnover began in November 2023, adding to the ongoing waste intake turnover.

On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies (Continued)

#### **Fixed asset investments**

Interests in subsidiaries entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

#### **Basic financial assets**

Basic financial assets, which include amounts owed by group undertakings, are initially measured at transaction price.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, which include other creditors and amounts owed to group undertakings, are initially recognised at transaction price.

#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

#### **Taxation**

The tax expense represents the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

### 2 Employees

There were no employees in the current or prior year.

### 3 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings	3,727,816	3,727,816

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 3 Fixed asset investments (Continued)

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2022 & 30 June 2023	3,727,816
<b>Carrying amount</b>	
At 30 June 2023	3,727,816
At 30 June 2022	3,727,816

### 4 Subsidiaries

Details of the company's subsidiaries at 30 June 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Vital Energi (Drakelow) Limited	(i)	Developer and operator of a waste to energy plant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

(i) Century House, Roman Road, Blackburn, Lancashire, England, BB1 2LD

### 5 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	129,043	163,738



# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 5 Debtors (Continued)

	2023 £	2022 £
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	36,924,912	29,688,291
<b>Total debtors</b>	<b>37,053,955</b>	<b>29,852,029</b>

Amounts owed by group undertakings falling due within one year are interest free. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be repaid within 12 months.

Amounts owed by group undertakings falling due after more than one year relate to 12% secured loan notes issued by a fellow group undertaking. The loan notes are repayable on 27 January 2053, being the thirty third anniversary of the date of the instrument, or such date as may be determined by a resolution of the directors or upon an exit event, even if earlier.

Interest is payable on redemption of the loan notes. At the period end, total cumulative interest of £6,866,443 (2022: £3,084,907) has been added to the loan note value.

### 6 Creditors: amounts falling due within one year

	2023 £	2022 £
Amounts owed to group undertakings	-	29,615,089
Other creditors	5,531	4,815
	<b>5,531</b>	<b>29,619,904</b>

### 7 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Amounts owed to group undertakings	41,175,763	3,975,587
Other creditors	500,000	500,000
	<b>41,675,763</b>	<b>4,475,587</b>

The amounts included in other creditors relate to deferred consideration payable in relation to the acquisition of Vital Energi (Drakelow) Limited.

Amounts owed to group undertakings falling due after more than one year includes £36.8m (2022: falling due within one year £29.7m) with interest charged at 12% per annum, charged monthly. The loan is due for repayment by 27 January 2053 or any other date agreed between by both parties (2022: repayable on demand and interest free).

Amounts owed to group undertakings includes £4.4m (2022: £4m) with interest charged at 12% per annum, charged monthly. The loans are repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 7 Creditors: amounts falling due after more than one year (Continued)

Creditors which fall due after five years are as follows:	2023 £	2022 £
Payable other than by instalments	36,791,254	-

### 8 Financial commitments, guarantees and contingent liabilities

The company has provided a guarantee relating to a debenture granted to a fellow group company by a third party. At the year end the potential liability was £75,511,111 (2022: £61,596,872).

### 9 Parent company

The directors consider the ultimate parent company to be Vital Holdings Limited, a company incorporated in the United Kingdom. Vital Holdings Limited is the only parent undertaking preparing group accounts including the results of this company. The registered office of Vital Holdings Limited is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

### 10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Michael Oates CA.

The auditor was RSM UK Audit LLP.

Company Registration No. 07110216 (England and Wales)

**VITAL ENERGI GENERATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2022**

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## **VITAL ENERGI GENERATION LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 30 JUNE 2022**

---

The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company Registration No. 07110216

**VITAL ENERGI GENERATION LIMITED****BALANCE SHEET****AS AT 30 JUNE 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Investments	5		3,727,816		3,727,816
<b>Current assets</b>					
Debtors falling due after more than one year	7	29,688,291		23,346,469	
Debtors falling due within one year	7	163,738		1,450	
		<u>29,852,029</u>		<u>23,347,919</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(29,619,904)</u>		<u>(26,779,312)</u>	
<b>Net current assets/(liabilities)</b>			<u>232,125</u>		<u>(3,431,393)</u>
<b>Total assets less current liabilities</b>			<u>3,959,941</u>		<u>296,423</u>
<b>Creditors: amounts falling due after more than one year</b>	9		<u>(4,475,587)</u>		<u>(500,000)</u>
<b>Net liabilities</b>			<u>(515,646)</u>		<u>(203,577)</u>
<b>Capital and reserves</b>					
Called up share capital			1		1
Profit and loss reserves			<u>(515,647)</u>		<u>(203,578)</u>
<b>Total equity</b>			<u>(515,646)</u>		<u>(203,577)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 17/02/23 and are signed on its behalf by:



Mr G J Fielding  
Director

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

---

### 1 Accounting policies

#### Company information

Vital Energi Generation Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Vital Energi Generation Limited is a subsidiary of Vital Holdings Limited and the results of Vital Energi Generation Limited are included in the consolidated financial statements of Vital Holdings Limited which are available from Companies House.

#### Going concern

The company made a loss of £312,069 during the year and due to the deficit on the balance sheet at the year end the directors have obtained written support from Vital Energi Utilities Limited (VEUL), another group company, which commits to providing financial support to the company for the foreseeable future to enable the company to meet its liabilities as they fall due.

The directors have satisfied themselves that Vital Energi Utilities Limited is in a position to provide this support and further details of the assessment of going concern for Vital Energi Utilities Limited can be seen in the financial statements of Vital Energi Utilities Limited, which are available from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

As the company is a non-trading holding company it has not been directly affected by the COVID 19 pandemic.

The company's main subsidiary Vital Energi Drakelow Limited is building a waste to energy plant. The COVID 19 pandemic has had some impact on delaying lead times on overseas sourced components, however these delays have been managed within existing programmes and are not significant.

On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### Fixed asset investments

Interests in subsidiaries entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 1 Accounting policies (Continued)

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, which include other creditors and amounts owed to group undertakings, are initially recognised at transaction price.

##### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### **Taxation**

The tax expense represents the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

#### 2 Employees

There were no employees in the current or prior year.

#### 3 Directors' remuneration

No remuneration was paid to the directors in the current or prior year.

#### 4 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(73,201)	(47,107)

# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 4 Taxation (Continued)

The total tax credit for the year included in the profit and loss account can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	(385,270)	(247,931)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(73,201)	(47,107)
Taxation credit in the financial statements	(73,201)	(47,107)

### 5 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings	3,727,816	3,727,816

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2021 & 30 June 2022	3,727,816
<b>Carrying amount</b>	
At 30 June 2022	3,727,816
At 30 June 2021	3,727,816

### 6 Subsidiaries

These financial statements are separate company financial statements for Vital Energi Generation Limited.

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Vital Energi (Drakelow) Limited	Century House, Roman Road, Blackburn, Lancashire, England, BB1 2LD	Developer of a waste to energy plant	Ordinary	100.00



# VITAL ENERGI GENERATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 7 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	163,738	1,450
	<u>163,738</u>	<u>1,450</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	29,688,291	23,346,469
	<u>29,688,291</u>	<u>23,346,469</u>
<b>Total debtors</b>	<u>29,852,029</u>	<u>23,347,919</u>

Amounts owed by group undertakings falling due within one year are interest free. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be repaid within 12 months.

Amounts owed by group undertakings falling due after more than one year relate to 12% secured loan notes issued by a fellow group undertaking. The loan notes are repayable on 27 January 2053, being the thirty third anniversary of the date of the instrument, or such date as may be determined by a resolution of the directors or upon an exit event, even if earlier.

Interest is payable on redemption of the loan notes. At the period end, total interest of £3,084,907 (2021: £1,184,240) has been added to the loan note value.

### 8 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	29,615,089	26,026,036
Other creditors	4,815	753,276
	<u>29,619,904</u>	<u>26,779,312</u>

Included within other creditors is deferred consideration of £nil (2021: £750,000)

Amounts owed to group undertakings are subject to interest charged at 12% per annum, charged monthly. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months.

### 9 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	3,975,587	-
Other creditors	500,000	500,000
	<u>4,475,587</u>	<u>500,000</u>

# **VITAL ENERGI GENERATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 JUNE 2022**

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#### **9 Creditors: amounts falling due after more than one year (Continued)**

The amounts included in other creditors relate to deferred consideration payable in relation to the acquisition of Vital Energi (Drakelow) Limited.

Amounts owed to group undertakings includes £4m (2021: £nil) with interest charged at 12% per annum, charged monthly. The loans are repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

#### **10 Financial commitments, guarantees and contingent liabilities**

The company has provided a guarantee relating to a debenture granted to a fellow group company by a third party. At the year end the potential liability was £61,596,872 (2021: £50,027,521).

#### **11 Parent company**

The directors consider the ultimate parent company to be Vital Holdings Limited, a company incorporated in the United Kingdom. Vital Holdings Limited is the only parent undertaking preparing group accounts including the results of this company. The registered office of Vital Holdings Limited is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

#### **12 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

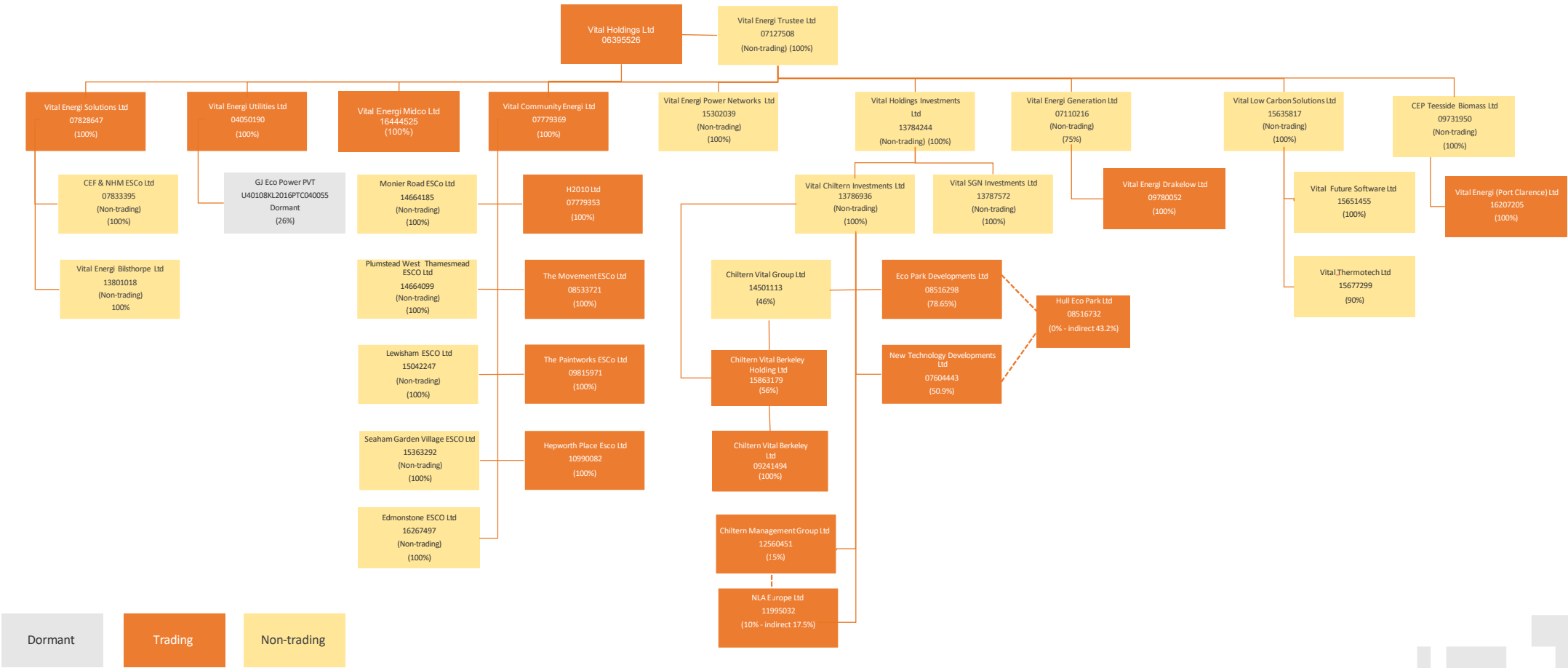
The auditor's report was unqualified.

The senior statutory auditor was Michael Oates CA.


The auditor was RSM UK Audit LLP.

**APPENDIX 2**  
**CORPORATE GROUP STRUCTURE PRIOR TO AND AFTER THE INTRA-GROUP REORGANISATION**

Pre-reorganisation group structure



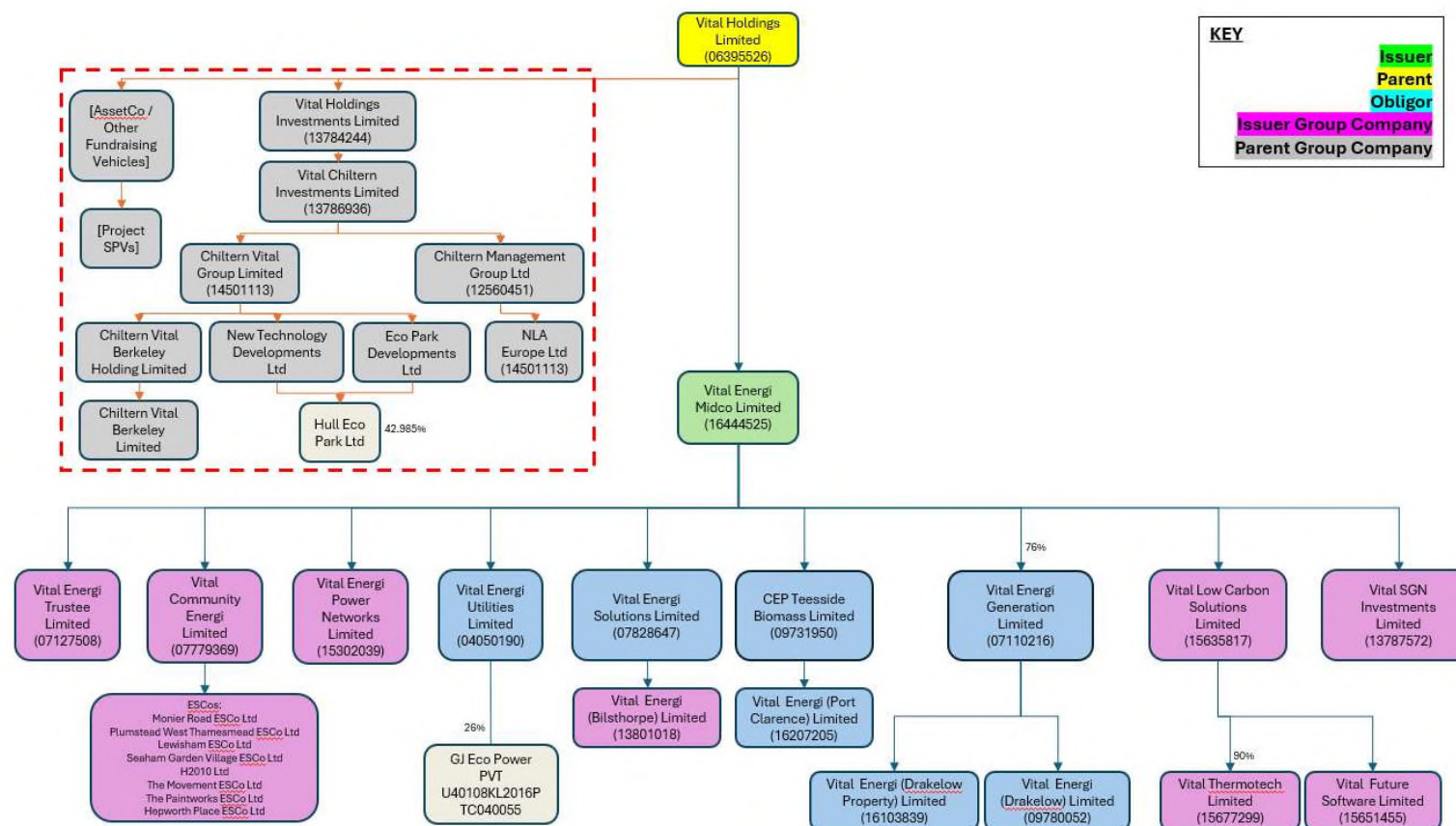
Source: The Directors of the VHL

DocuSigned by:  
  
 C8CA9C29B491453...

Ian Whitelock



# Final proposed group structure



Source: The Directors of VHL

Vital Holdings Ltd | 10

This group structure chart reflects the beneficial ownership of the Vital group as at 11 August 2025. The legal ownership will reflect the beneficial ownership of the Vital group upon stamping of certain stock transfer forms dated 1 August 2025.

**APPENDIX 3**  
**THE ISSUER'S ARTICLES OF ASSOCIATION**



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**ARTICLES OF ASSOCIATION  
VITAL ENERGI MIDCO LIMITED (CRN: 16444525)**

**adopted by special resolution on 11 August 2025**

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Registered Number: 16444525

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**of**  
**Vital Energi Midco Limited**  
**(the "Company")**

**PART 1**

**INTERPRETATION AND LIMITATION OF LIABILITY**

**1 DEFINED TERMS**

In the articles, unless the context requires otherwise:

**"articles"** means the Company's articles of association.

**"bankruptcy"** includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy.

**"chairman"** has the meaning given in article 13.

**"chairman of the meeting"** has the meaning given in article 40.

**"Companies Acts"** means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company.

**"director"** means a director of the Company, and includes any person occupying the position of director, by whatever name called.

**"distribution recipient"** has the meaning given in article 32.

**"document"** includes, unless otherwise specified, any document sent or supplied in electronic form.

**"electronic form"** has the meaning given in section 1168 of the Companies Act 2006.

**"fully paid"** in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company.

**"hard copy form"** has the meaning given in section 1168 of the Companies Act 2006.

**"holder"** in relation to shares means the person whose name is entered in the register of members as the holder of the shares.

**"instrument"** means a document in hard copy form

**“Model Articles”** means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229)

**“ordinary resolution”** has the meaning given in section 282 of the Companies Act 2006

**“paid”** means paid or credited as paid.

**“participate”**, in relation to a directors' meeting, has the meaning given in article 11.

**“proxy notice”** has the meaning given in article 46.

**“shareholder”** means a person who is the holder of a share.

**“shares”** means shares in the Company.

**“special resolution”** has the meaning given in section 283 of the Companies Act 2006.

**“subsidiary”** has the meaning given in section 1159 of the Companies Act 2006.

**“transmittee”** means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law.

**“writing”** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the Company.

## **2 EXCLUSION OF THE MODEL ARTICLES**

The Model Articles shall not apply to the Company.

## **3 LIABILITY OF MEMBERS**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

# **PART 2**

## **DIRECTORS**

### **DIRECTORS' POWERS AND RESPONSIBILITIES**

## **4 DIRECTORS' GENERAL AUTHORITY**

Subject to the articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

## **5 SHAREHOLDERS' RESERVE POWER**

5.1 The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

5.2 No such special resolution invalidates anything, which the directors have done before the passing of the resolution.

## **6 DIRECTORS MAY DELEGATE**

6.1 Subject to the articles, the directors may delegate any of the powers, which are conferred on them under the articles:

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions;

as they think fit.

6.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

6.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## **7 COMMITTEES**

7.1 Committees to which the directors delegate any of their powers must follow procedures, which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

7.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

## **DECISION-MAKING BY DIRECTORS**

### **8 DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

8.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 9.

8.2 If:

- (a) the Company only has one director; and
- (b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

## **9 UNANIMOUS DECISIONS**

- 9.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 9.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- 9.3 References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- 9.4 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

## **10 CALLING A DIRECTORS' MEETING**

- 10.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the Company secretary (if any) to give such notice.
- 10.2 Notice of any directors' meeting must indicate:
- (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 10.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 10.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## **11 PARTICIPATION IN DIRECTORS' MEETINGS**

- 11.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
- (a) the meeting has been called and takes place in accordance with the articles; and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 11.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 11.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## **12 QUORUM FOR DIRECTORS' MEETINGS**

- 12.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 12.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, and unless otherwise fixed, the quorum is:
- (a) one if there is one director; or
  - (b) two if there is more than one director.
- 12.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:
- (a) to appoint further directors; or
  - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

## **13 CHAIRING OF DIRECTORS' MEETINGS**

- 13.1 The directors may appoint a director to chair their meetings.
- 13.2 The person so appointed for the time being is known as the chairman.
- 13.3 The directors may terminate the chairman's appointment at any time.
- 13.4 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

## **14 CASTING VOTE**

- 14.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- 14.2 But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

## **15 DIRECTORS' INTERESTS**

Subject to the Companies Acts and to the disclosure of his interests in accordance with the Companies Acts, a director, notwithstanding his office, may:

- (a) be counted as participating in the decision-making process for quorum or voting purposes in circumstances where a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the Company in which the director is interested (whether directly or indirectly); and
- (b) enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested and he shall not be liable to account to the Company for any profit, remuneration or other

benefit derived from any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

## **16 RECORDS OF DECISIONS TO BE KEPT**

The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

## **17 DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

## **APPOINTMENT, REMOVAL AND TERMINATION OF DIRECTORS' APPOINTMENT**

### **18 APPOINTMENT AND REMOVAL OF DIRECTORS**

18.1 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

- (a) by ordinary resolution;
- (b) by the holder or holders of more than half in nominal value of the issued shares in the capital of the Company; or
- (c) by a decision of the directors.

18.2 In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

18.3 For the purposes of paragraph 18.2, where two or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

18.4 The holder or holders of more than half in nominal value of the issued shares in the capital of the Company may at any time and from time to time may remove any director or directors from office.

18.5 Any appointment or removal of a director pursuant to this article shall be made by notice in writing and signed by or on behalf of the relevant holder or holders and served on the Company marked for the attention of the board of directors or delivered to a duly constituted meeting of the directors.

Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.

### **19 TERMINATION OF DIRECTORS' APPOINTMENT**

19.1 A person ceases to be a director as soon as:



- (a) that person is removed in accordance with the terms of article 18;
- (b) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (c) a bankruptcy order is made against that person;
- (d) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (e) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (f) notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

## **20 DIRECTORS' REMUNERATION**

20.1 Directors may undertake any services for the Company that the directors decide.

20.2 Directors are entitled to such remuneration as the directors determine:

- (a) for their services to the Company as directors; and
- (b) for any other service which they undertake for the Company.

20.3 Subject to the articles, a director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

20.4 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

20.5 Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration, which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

## **21 DIRECTORS' EXPENSES**

The Company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:

- (a) meetings of directors or committees of directors,
- (b) general meetings; or
- (c) separate meetings of the holders of any class of shares or of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

### **PART 3**

## **SHARES AND DISTRIBUTIONS**

### **SHARES**

#### **22 ALL SHARES TO BE FULLY PAID UP**

- 22.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 22.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

#### **23 DIRECTORS' POWERS TO ALLOT SHARES**

In accordance with the provisions of section 550 of the Companies Act 2006, the directors may exercise any power of the Company:

- (a) to allot shares; or
- (b) to grant rights to subscribe for or to convert any security into such shares,

and any such allotment may be made as if section 561 of the Companies Act 2006 (existing shareholders' rights of pre-emption) did not apply to such allotment.

#### **24 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**

Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

#### **25 SHARE CERTIFICATES**

- 25.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 25.2 Every certificate must specify:
- (a) in respect of how many shares, of what class, it is issued;
  - (b) the nominal value of those shares;
  - (c) that the shares are fully paid; and
  - (d) any distinguishing numbers assigned to them.
- 25.3 No certificate may be issued in respect of shares of more than one class.
- 25.4 If more than one person holds a share, only one certificate may be issued in respect of it.

25.5 Certificates must:

- (a) have affixed to them the Company's common seal; or
- (b) be otherwise executed in accordance with the Companies Acts.

## 26 REPLACEMENT SHARE CERTIFICATES

26.1 If a certificate issued in respect of a shareholder's shares is:

- (a) damaged or defaced; or
- (b) said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

26.2 A shareholder exercising the right to be issued with such a replacement certificate:

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

## 27 SHARE TRANSFERS

27.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

27.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

27.3 The Company may retain any instrument of transfer, which is registered.

27.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

27.5 The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

27.6 Notwithstanding anything contained in these articles the directors shall not decline to register any transfer of shares, whether or not fully paid, nor may they suspend registration thereof where such transfer:

- (a) is to any bank, lender or institution to which such shares have been charged by way of security or to any nominee of such bank, lender or institution (a "**Secured Institution**"); or
- (b) is delivered to the Company for registration by a Secured Institution or its nominee in order to perfect its security over the shares; or

- (c) is executed by a Secured Institution or its nominee pursuant to the power of sale or other power under its security over the shares,  
and the directors shall register any such transfer of shares forthwith following receipt.

27.7 Notwithstanding anything to the contrary contained in these articles, no transferor or proposed transferor of any shares in the Company to a Secured Institution or its nominee and no Secured Institution or its nominee shall be required to offer the shares which are or are to be the subject of any transfer to the shareholders for the time being of the Company or any of them, and no such shareholder shall have any right under these articles or under any agreement or otherwise to require those shares to be offered to or transferred to it whether for consideration or not.

27.8 Notwithstanding anything to the contrary contained in these Articles, the Company shall have no lien over shares in it which are charged or mortgaged in favour of a Secured Institution.

## **28 TRANSMISSION OF SHARES**

28.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.

28.2 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:

- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and
- (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

28.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

## **29 EXERCISE OF TRANSMITTEES' RIGHTS**

29.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.

29.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

29.3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

## **30 TRANSMITTEES BOUND BY PRIOR NOTICES**

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **31 PROCEDURE FOR DECLARING DIVIDENDS**

- 31.1 The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 31.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 31.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 31.4 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 31.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 31.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 31.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **32 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS**

- 32.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
  - (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
  - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- 32.2 In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable:
  - (a) the holder of the share; or

- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

### **33 NO INTEREST ON DISTRIBUTIONS**

33.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the holder of that share and the Company.

### **34 UNCLAIMED DISTRIBUTIONS**

34.1 All dividends or other sums which are:

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

34.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it if:

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment; and
- (a) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

### **35 NON-CASH DISTRIBUTIONS**

35.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

35.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

### 36 WAIVER OF DISTRIBUTIONS

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

- (a) the share has more than one holder; or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

### CAPITALISATION OF PROFITS

### 37 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

37.1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:

- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (a "**capitalised sum**") to the persons who would have been entitled to it if it were distributed by way of dividend (the "**persons entitled**") and in the same proportions.

37.2 Capitalised sums must be applied:

- (a) on behalf of the persons entitled; and
- (b) in the same proportions as a dividend would have been distributed to them.

37.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

37.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

37.5 Subject to the articles the directors may:

- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

- (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## **PART 4**

### **DECISION-MAKING BY SHAREHOLDERS**

#### **ORGANISATION OF GENERAL MEETINGS**

#### **38 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

- 38.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 38.2 A person is able to exercise the right to vote at a general meeting when
  - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 38.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 38.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 38.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

#### **39 QUORUM FOR GENERAL MEETINGS**

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

#### **40 CHAIRING GENERAL MEETINGS**

- 40.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- 40.2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
  - (a) the directors present; or
  - (b) (if no directors are present), the meeting;

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.



40.3 The person chairing a meeting in accordance with this article is referred to as **“the chairman of the meeting”**.

#### **41 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS**

41.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

41.2 The chairman of the meeting may permit other persons who are not:

- (a) shareholders of the Company; or
- (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

#### **42 ADJOURNMENT**

42.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

42.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

- (a) the meeting consents to an adjournment; or
- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

42.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

42.4 When adjourning a general meeting, the chairman of the meeting must:

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

42.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

- (a) to the same persons to whom notice of the Company's general meetings is required to be given; and
- (b) containing the same information which such notice is required to contain.

42.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## **VOTING AT GENERAL MEETINGS**

### **43 VOTING: GENERAL**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

### **44 ERRORS AND DISPUTES**

44.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

44.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

### **45 POLL VOTES**

45.1 A poll on a resolution may be demanded:

- (a) in advance of the general meeting where it is to be put to the vote; or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

45.2 A poll may be demanded by:

- (a) the chairman of the meeting;
- (b) the directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

45.3 A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken; and
- (b) the chairman of the meeting consents to the withdrawal.

45.4 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

### **46 CONTENT OF PROXY NOTICES**

46.1 Proxies may only validly be appointed by a notice in writing (a “**proxy notice**”) which:

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

- (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the Company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

46.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

46.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

46.4 Unless a proxy notice indicates otherwise, it must be treated as:

- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

#### **47 DELIVERY OF PROXY NOTICES**

47.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

47.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

47.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

47.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### **48 AMENDMENTS TO RESOLUTIONS**

48.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
- (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

48.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 48.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## **PART 5**

### **ADMINISTRATIVE ARRANGEMENTS**

#### **49 MEANS OF COMMUNICATION TO BE USED**

- 49.1 Subject to the articles, anything sent or supplied by or to the Company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 49.2 A document or information sent or supplied by the Company in electronic form shall be deemed to have been received by the intended recipient on the day following that on which the document or information was sent. Proof that a document or information in electronic form was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators from time to time shall be conclusive evidence that the document or information was served.
- 49.3 Where a document or information is sent by post (whether in hard copy or electronic form) to an address outside the United Kingdom. It is deemed to have been received by the intended recipient at the expiration of seven days after it was posted.
- 49.4 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 49.5 A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

#### **50 COMPANY SEALS**

- 50.1 Any common seal may only be used by the authority of the directors.
- 50.2 The directors may decide by what means and in what form any common seal is to be used.
- 50.3 Unless otherwise decided by the directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 50.4 For the purposes of this article, an authorised person is:

- (a) any director of the Company;
- (b) the Company secretary (if any); or
- (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

## **51 NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS**

Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder.

## **52 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

# **DIRECTORS' INDEMNITY AND INSURANCE**

## **53 INDEMNITY**

53.1 Subject to paragraph 53.2, a relevant director of the Company or an associated company may be indemnified out of the Company's assets against:

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the Company or an associated company.

53.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

53.3 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a “**relevant director**” means any director or former director of the Company or an associated company.

## **54 INSURANCE**

54.1 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant director in respect of any relevant loss.

54.2 In this article:

- (a) a “**relevant director**” means any director or former director of the Company or an associated company;
- (b) a “**relevant loss**” means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

**APPENDIX 4**  
**LOAN AGREEMENT**

*Execution version*

**BOND TERMS**

**FOR**

**VITAL ENERGI MIDCO LIMITED 10.50 % SENIOR SECURED  
GBP 175,000,000 BONDS 2025/2030**

**ISIN NO0013622878**



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ATTACHMENT 1 COMPLIANCE CERTIFICATE

ATTACHMENT 2 RELEASE NOTICE – ESCROW ACCOUNT

ATTACHMENT 3 SFDR REPORTING SCHEDULE

ATTACHMENT 4 LIST OF INTRA-GROUP LOANS

<b>BOND TERMS between</b>	
ISSUER:	Vital Energi Midco Limited, a private limited company incorporated under the laws of England and Wales with the company number 16444525 and LEI number 9845003852F03DBFE084; and
BOND TRUSTEE:	Nordic Trustee AS, a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85.
DATED:	11 August 2025
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

## 1. INTERPRETATION

### 1.1 Definitions

The following terms will have the following meanings:

"**Acceptable Bank**" means a commercial bank, savings bank or trust company which has a rating of BBB or higher from Standard & Poor's Ratings Service or Baa2 or higher from Moody's Investor Service Limited or a comparable rating from a nationally recognized credit rating agency for its long-term debt obligations.

"**Accounting Standard**" means generally accepted accounting principles in the United Kingdom including, and if used by the Issuer, IFRS.

"**Additional Bonds**" means the debt instruments issued under a Tap Issue.

"**Affiliate**" means, in relation to any person:

- (a) any person which is a Subsidiary of that person;
- (b) any person with Decisive Influence over that person (directly or indirectly); and
- (c) any person which is a Subsidiary of an entity with Decisive Influence over that person (directly or indirectly).

"**Annual Financial Statements**" means the audited unconsolidated and consolidated annual financial statements of the Issuer and the Parent for any financial year, prepared in accordance with the Accounting Standard, such financial statements to include a profit and loss account, balance sheet, cash flow statement and management commentary or report of the board of directors.

"**Attachment**" means any schedule, appendix or other attachment to these Bond Terms.

**"Bond Currency"** means the currency in which the Bonds are denominated, as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

**"Bond Terms"** means these terms and conditions, including all Attachments which form an integrated part of these Bond Terms, in each case as amended and/or supplemented from time to time.

**"Bond Trustee"** means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

**"Bond Trustee Fee Agreement"** means the agreement entered into between the Issuer and the Bond Trustee relating, among other things, to the fees to be paid by the Issuer to the Bond Trustee for the services provided by the Bond Trustee relating to the Bonds.

**"Bondholder"** means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders' rights*).

**"Bondholders' Meeting"** means a meeting of Bondholders as set out in Clause 17 (*Bondholders' Decisions*).

**"Bonds"** means (i) the debt instruments issued by the Issuer pursuant to these Bond Terms, including any Additional Bonds, and (ii) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.

**"Business Day"** means a day on which both the relevant CSD settlement system is open and the relevant settlement system for the Bond Currency is open, including London.

**"Business Day Convention"** means that if the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.

**"Call Option"** has the meaning ascribed to such term in Clause 10.2 (*Voluntary early redemption – Call Option*).

**"Call Option Repayment Date"** means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.2 (*Voluntary early redemption – Call Option*), paragraph (d) of Clause 10.3 (*Mandatory repurchase due to a Put Option Event*) or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of Bonds.

**"Cash and Cash Equivalents"** means, at the date of calculation (on a consolidated basis for the Parent Group, or, if set out explicitly, the Issuer Group), an amount calculated as:

- (a) the aggregate amount of:
  - (i) cash in hand or amounts standing to the credit of any current and/or on deposit accounts of any Parent Group Company with an Acceptable Bank, but which shall exclude any cash otherwise included in an amount equal to the amount of received governmental or public grants and which have not yet been used for its intended purpose;

- (ii) certificates of deposit maturing within one (1) year after the relevant date of calculation and issued by an Acceptable Bank;
- (iii) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Union or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one (1) year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (iv) commercial paper not convertible or exchangeable to any other security:
  - (A) for which a recognised trading market exists;
  - (B) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Union;
  - (C) which matures within one (1) year after the relevant date of calculation; and
  - (D) which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (v) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);
- (vi) any investment in money market funds which:
  - (A) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited;
  - (B) invest substantially all their assets in securities of the types described in paragraphs (b) to (h) above; and
  - (C) to the extent that investment can be turned into cash on not more than thirty (30) days' notice;

in each case, denominated in GBP and to which any Parent Group Company or (in the case of the Issuer Group) any Issuer Group Company is alone (or together with any other Parent Group Company or, in the case of the Issuer Group, any Issuer Group Company) beneficially entitled at that time, and which is not issued or guaranteed by any member of the Parent Group or, in the case of the Issuer Group, any Issuer Group Company, and is not subject to any Security (other than Security arising under the Transaction Security Documents),

- (b) less an amount equal to the amounts outstanding under any overdraft facility, revolving credit facility or similar short term or working capital facility of the Parent Group or (in case of the Issuer Group) the Issuer Group.

**"Change of Control Event"** means a person or group of persons under the same Decisive Influence, other than the existing shareholders of the Parent as at the Initial Issue Date, gaining Decisive Influence over the Issuer.

**"Company Certificate"** means a certificate prepared and issued by Issuer to the Bond Trustee for the purposes set out in these Bond Terms, certified by the chief executive officer or the chief financial officer of Parent.

**"Compliance Certificate"** means a statement substantially in the form as set out in Attachment 1 hereto.

**"Cost-to-Complete Test"** means a test, performed by the Technical Advisor prior to the Port Clarence Completion Date:

- (a) prior to and as a condition for each release to the Issuer from the Escrow Account; and
- (b) at such other times as is required under the terms of these Bond Terms,

each with the purpose of ensuring that the Issuer and the Port Clarence Plant Owner has sufficient funds available to achieve the Port Clarence Completion Date, and shall be deemed satisfied when, on the relevant date on which such test is performed:

- (i) the aggregate of amounts deposited on the Escrow Account which may be used to fund Port Clarence Project Costs is equal to or greater than:
- (ii) the sum of all remaining Port Clarence Project Costs to be paid pursuant to the Port Clarence Financial Model to achieve the Port Clarence Completion Date.
- (c) Any capital requirements needed to achieve the Port Clarence Completion Date, but that fall due after the Port Clarence Completion Date and before the Maturity Date, shall be included in the Cost-to-Complete Test.
- (d) If the Cost-to-Complete Test is not met, no further release from the Escrow Account shall be made (other than to fund Interest Payments), unless the Issuer, through the re-allocation of existing funds or the raising of new cash equity or Subordinated Loans sufficient to cover the funding shortfall (and such new or re-allocated funds are deposited into the Escrow Account or into another bank account in the name of the Issuer or the Port Clarence Plant Owner that is not blocked or subject to Security), satisfies the Cost-to-Complete Test.
- (e) An Event of Default shall occur if the Issuer fails to satisfy the Cost-to-Complete Test within sixty (60) days after the date the Cost-to-Complete Test first failed.

**"CSD"** means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (acting under commercial name Euronext VPS).

**"Cure Amount"** has the meaning given to it in Clause 14.24 (*Equity Cure*).

**"Decisive Influence"** means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

**"Default Notice"** has the meaning ascribed to such term in Clause 16.2 (*Acceleration of the Bonds*).

**"Default Repayment Date"** means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

**"Disposal"** means a sale, lease, transfer or other disposal by the Issuer or any Issuer Group Company of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

**"Dissolution of GJ Eco"** means any Disposal of shares in GJ Eco and assets of GJ Eco in the context of the disposal, winding-up, dissolution, liquidation, or other analogous corporate step taken in respect of GJ Eco under the laws of its jurisdiction of incorporation.

**"Distribution"** means:

- (a) any declaration, making or payment of dividend or other distribution (or interest on any unpaid dividend or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) or making any kind of value transfer;
- (b) repayment or payment in respect of any shareholder loan or Subordinated Loan;
- (c) repayment or distribution of any of its share premium reserve; or
- (d) redemption, repurchase, defeasance, retirement or repayment any of its share capital.

**"Drakelow Assets"** shall have the meaning ascribed to such term in paragraph (a)(viii) of Clause 2.5 (*Transaction Security*).

**"Drakelow Aviva Debt"** means the financing and lease arrangements provided as part of the original financing of the Drakelow Plant, in an aggregate principal amount of approximately GBP 52,000,000.

**"Drakelow Capex"** means the capital expenditure to be incurred by the Issuer Group to improve the performance of the Drakelow Plant, in an aggregate amount not exceeding GBP 5,000,000.

**"Drakelow Debenture Intercreditor Agreement"** shall have the meaning ascribed to such term in paragraph (i) of the definition "Permitted Security".

**"Drakelow EPC Agreement"** means the engineering, procurement and construction agreement dated 27 January 2020 and made between Vital Energi (Drakelow) Limited and Vital Energi Utilities Limited.

**"Drakelow Fuel Supply Agreement"** means the fuel supply agreement dated 27 January 2020 and made between DM Topco Limited and Vital Energi (Drakelow) Limited.

**"Drakelow Leases"** means:

- (a) the lease of the Drakelow Plant dated 27 January 2020 and made between (i) E.ON UK and (ii) Aviva Investors Infrastructure Income No.4B Limited, Aviva Investors Infrastructure Income M No.4D Limited and Aviva Investors Infrastructure Income C No.4F Limited ("**Drakelow Superior Lease**"); and
- (b) the underlease of the Drakelow Plant dated 27 January 2020 made between (i) Aviva Investors Infrastructure Income No.4B Limited and Aviva Investors Infrastructure Income No.4D Limited and Aviva Investors Infrastructure Income C No.4F Limited and (ii) Vital Energi (Drakelow) Limited (the "**Drakelow Underlease**").

**"Drakelow Leases Variation Agreements"** has the meaning given to it in Clause 6.5 (*Conditions subsequent*).

**"Drakelow O&M Agreement"** means the operation and maintenance agreement dated 27 January 2020 and made between Vital Energi (Drakelow) Limited and Vital Energi Utilities Limited.

**"Drakelow Plant"** means the operating 15.30 MWe net output energy-from-waste (EfW) facility on a fully ramped-up basis, located at Drakelow C Power Station, Drakelow, Burton on Trent, DE15 9TZ, United Kingdom.

**"Drakelow Plant Owner"** means Vital Energi (Drakelow) Limited, company number 09780052.

**"Drakelow Plant Project Documents"** means each of:

- (a) the Drakelow Fuel Supply Agreement;
- (b) the Drakelow EPC Agreement;
- (c) the Drakelow Power Purchase Agreement;
- (d) the Drakelow O&M Agreement;
- (e) the Drakelow Leases; and
- (f) contract for Insurances with respect to the Drakelow Plant,

in each case as amended, supplemented and replaced from time to time.

**"Drakelow Power Purchase Agreement"** means the power purchase agreement dated 19 April 2023 and made between BGI Trading Limited and Vital Energi (Drakelow) Limited.

**"EBITDA"** means, in respect of any Relevant Period (or any other relevant period) and in respect of the Parent on a consolidated basis for the Parent Group, the Parent's aggregate earnings before interest, taxes, depreciation, and amortization for that Relevant Period (or any other relevant period):

- (a) excluding any items (positive or negative) of a one off, non-recurring, extraordinary, unusual or exceptional nature in aggregate not exceeding 10.00 per cent. of EBITDA for any Relevant Period;
- (b) before taking into account any unrealised gains or losses on any financial or derivative instrument (other than any derivative instruments which are accounted for on a hedge account basis);
- (c) after deducting any gain over book value and after adding back any loss arising on the Disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset during such period; and
- (d) after adding back any losses to the extent covered by any insurance,

and where the figures for EBITDA shall be further adjusted so that until four (4) full quarters have passed since the Port Clarence Completion Date, the EBITDA attributable to the Port Clarence Plant shall be calculated by annualising on a straight-line basis the EBITDA for the full quarters that have passed since the Port Clarence Completion Date.

**"English Security Trust Deed"** means the security trust deed governed by English law pursuant to which the Security Agent is appointed to act as security trustee for and on behalf of the Secured Parties in respect of the Transaction Security governed by English law.

**"Escrow Account"** means an account in the name of the Issuer, blocked and pledged on first priority as Security for the Issuer's obligations under the Finance Documents, which shall be established by the Issuer prior to the Initial Issue Date for the purpose of receiving the Net Proceeds from the issuance of the Bonds. The Escrow Account shall either (i) be held with a bank located in Norway or such other jurisdiction as approved by the Bond Trustee, or (ii) be a client account of an escrow agent acceptable to the Bond Trustee (and for this purpose, the Paying Agent and Nordic Trustee Services AS are deemed pre-accepted).

**"Escrow Account Pledge"** means the pledge over the Escrow Account and any claim against the account bank (and, if relevant, against any escrow agent) under the escrow arrangement for such account, where the bank operating the account has waived any set-off rights.

**"Event of Default"** means any of the events or circumstances specified in Clause 16.1 (*Events of Default*).

**"Exchange"** means:

- (a) Nordic ABM, a self-regulated marketplace organised and operated by Oslo Børs; or



- (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR).

**"Finance Documents"** means these Bond Terms, the Bond Trustee Fee Agreement, any Transaction Security Document, the Subordination Deed, any other subordination and turn-over agreements entered into in respect of any Subordinated Loan, the Drakelow Debenture Intercreditor Agreement, any other intercreditor agreement entered into under or pursuant to the other Finance Documents, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (a) moneys borrowed (and debit balances at banks or other financial institutions);
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Standard, be capitalised as an asset and booked as a corresponding liability in the balance sheet;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under the Accounting Standard are met);
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not an Obligor which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under the Accounting Standard;
- (i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than one hundred and twenty (120) calendar days after the date of supply;

- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under the Accounting Standard; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

**"Financial Reports"** means the Annual Financial Statements and the Interim Accounts.

**"Financial Support"** means (i) any loans, guarantees of the obligations of another person, Security, or other financial assistance (whether actual or contingent), and (ii) the acquisition of shares or other ownership interests in any person who is not an Issuer Group Company.

**"First Call Date"** means the Interest Payment Date falling in February 2028.

**"First Instalment of the Port Clarence Glennmont Debt"** means the initial payment of GBP 10,000,000 of the Port Clarence Glennmont Debt, to be paid as part of the First Release.

**"First Release"** shall have the meaning ascribed to such term in Clause 6.6 (*Additional conditions for releases from the Escrow Account*).

**"GJ Eco"** means GJ Eco Power PVT, a company incorporated in India with registration number U40108KL2016PTC040055.

**"Glennmont"** means Glennmont Clean Energy Fund Europe II Cooperatief U.A.

**"Good Industry Practice"** means the exercise of the degree of skill, care, and practices (i) that would reasonably and ordinarily be expected from a skilled and experienced person engaged in the same type of undertaking as the Obligors, under the same or similar circumstances, with such exercise of skill, care, and practices to be substantially in accordance with recognised best practices in the industry; and (ii) in compliance with all applicable laws, regulations, concessions, permits, authorisations, and agreements entered into with any authority.

**"Guarantee"** means the unconditional and irrevocable Norwegian law guarantee and indemnity (Norwegian: "*selvskyldnerkausjon*") which shall constitute senior obligations of the Guarantors, granted in favour of the Bond Trustee as Security for the Secured Obligations.

**"Guarantor"** means each of the Original Guarantors and each Material Subsidiary from time to time.

**"Guarantor Coverage Test"** has the meaning given to it in Clause 14.10 (*Designation of Material Subsidiaries*).

**"HMRC"** means His Majesty's Revenue and Customs.

**"IFRS"** means the International Financial Reporting Standards within the meaning of the IAS Regulation 1606/2002, in force from time to time and to the extent applicable to the relevant financial statement.

**"Initial Bond Issue"** means the amount to be issued on the Initial Issue Date as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

**"Initial Issue Date"** means 13 August 2025.

**"Insolvent"** means that a person:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) suspends making payments on any of its debts generally; or
- (c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its centre of main interest as such term is understood pursuant to Regulation (EU) 2015/848 on insolvency proceedings (as amended from time to time).

**"Insurance Event"** means any event or circumstance occurs that gives the Issuer Group a claim under the Insurances in excess of GBP 10,000,000 (or its equivalent in other currencies) in relation to the Port Clarence Plant or the Drakelow Plant.

**"Insurances"** has the meaning given to it in Clause 14.11 (*Insurances*).

**"Interest Cover Ratio"** means, in respect of any Relevant Period with respect to the Parent and on a consolidated basis for the Parent Group, the ratio of EBITDA to Net Interest Payable.

**"Interest Payment"** means any payment of the interest of the Bonds and the amount thereof.

**"Interest Payment Date"** means the last day of each Interest Period, the first Interest Payment Date being 13 February 2026 and the last Interest Payment Date being the Maturity Date.

**"Interest Period"** means, subject to adjustment in accordance with the Business Day Convention, the periods between 13 February and 13 August each year, provided however that an Interest Period shall not extend beyond the Maturity Date.

**"Interest Rate"** means 10.50 percentage points per annum.

**"Interim Accounts"** means the unaudited consolidated semi-annual financial statements consisting of a cash-flow statement and the profit and loss and the balance sheet of the Issuer and the Parent for the semi-annual period ending on 30 June and 31 December in each year, prepared in accordance with the Accounting Standard.

**"Intra-Issuer Group Loans"** means any loans granted by an Issuer Group Company to another Issuer Group Company.

**"ISIN"** means International Securities Identification Number.

**"Issuer"** means the company designated as such in the preamble to these Bond Terms.

**"Issuer Group"** means the Issuer and all its Subsidiaries from time to time.

**"Issuer Group Company"** means the Issuer or any of its Subsidiaries.

**"Issuer's Bonds"** means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

**"Listing Failure Event"** means:

- (a) that the Bonds have not been admitted to listing on an Exchange within six (6) months following the Initial Issue Date,
- (b) in the case of a successful admission to listing, that a period of six (6) months has elapsed since the Bonds ceased to be admitted to listing on an Exchange; or
- (c) that the Additional Bonds have not been admitted to listing on the Exchange where the other Bonds are listed within three (3) months following the issue date for such Additional Bonds.

**"Make Whole Amount"** means an amount equal to the sum of the present value on the Repayment Date of:

- (a) the Nominal Amount of the redeemed Bonds at the price as set out in paragraph (a) (ii) of Clause 10.2 (*Voluntary early redemption – Call Option*) as if such payment originally had taken place on the First Call Date; and
- (b) the remaining interest payments of the redeemed Bonds (less any accrued and unpaid interest on the redeemed Bonds as at the Repayment Date) to and including the First Call Date,

where the present value in respect of both paragraphs (a) and (b) above shall be calculated by using a discount rate of 4.39 per cent. per annum, and where the Interest Rate applied for the remaining Interest Payments until the First Call Date shall be the applicable Interest Rate on the Call Option Repayment Date.

**"Management Report"** has the meaning given to it in Clause 12.1 (*Financial Reports and Management Reports*).

**"Manager"** means Pareto Securities AS, with Norwegian registration number 956 632 374 and business address at Dronning Mauds gt. 3, P.O. Box 1411 Vika, 0115 Oslo, Norway.

**"Mandatory Redemption Repayment Date"** means the settlement date for the Insurance Event pursuant to Clause 10.5 (*Mandatory early redemption due to an Insurance Event*).

**"Material Adverse Effect"** means a material adverse effect on:

- (a) the ability of any Obligor to perform and comply with its obligations under any Finance Document; or
- (b) the validity or enforceability of any Finance Document.

**"Material Subsidiary"** means each Issuer Group Company which has been designated as a Material Subsidiary by the Issuer pursuant to Clause 14.10 (*Designation of Material Subsidiaries*).

**"Maturity Date"** means 13 August 2030, adjusted according to the Business Day Convention.

**"Maximum Issue Amount"** means the maximum amount that may be issued under these Bond Terms as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

**"Net Interest Payable"** means, in respect of any Relevant Period (or any other relevant period, as the context requires) and with respect to the Issuer and on a consolidated basis for the Issuer Group, interest (and any amounts of a similar nature) paid or payable in respect of the Issuer's Financial Indebtedness during such Relevant Period after deducting any interest payable in that Relevant Period (or any other relevant period, if relevant) to any Issuer Group Company (other than by another Issuer Group Company) on any cash or cash equivalent investment.

**"Net Proceeds"** means the proceeds from the issuance of the Bonds (net of fees and legal cost of the Manager and, if required by the Bond Trustee, the Bond Trustee fee, and any other cost and expenses incurred in connection with the issuance of the Bonds).

**"Nominal Amount"** means the Nominal Amount of each Bond on the Initial Issue Date as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*) and at any time. The Nominal Amount may be amended pursuant to paragraph (j) of Clause 18.2 (*The duties and authority of the Bond Trustee*).

**"Non-Compliance Notice"** shall have the meaning ascribed to such term in paragraph (e) of Clause 6.6 (*Additional conditions for releases from the Escrow Account*).

**"Obligor"** means the Issuer and any Guarantor.

**"Original Guarantor"** means the Parent and each Issuer Group Companies listed opposite no. 1-7 in the definition of Original Issuer Group Companies

**"Original Issuer Group Companies"** means the Issuer and each of the following companies:

#	Company name	Company number	Jurisdiction of incorporation	Issuer Group Shareholding percentage
1	Vital Energi Solutions Limited	07828647	England	100
2	Vital Energi Utilities Limited	04050190	England	100
3	Vital Energi Generation Limited	07110216	England	76
3	Vital Energi (Drakelow) Limited	09780052	England	100
5	CEP Teesside Biomass Limited	09731950	England	100
6	Vital Energi (Port Clarence) Limited	16207205	England	100
7	Vital Energi (Drakelow Property) Limited	16103839	England	100
8	Vital Energi Trustee Limited	07127508	England	100
9	Vital Community Energi Limited	07779369	England	100
10	Vital Energi (Bilsthorpe) Limited	13801018	England	100
11	Vital Low Carbon Solutions Limited	15635817	England	100
12	Vital Thermotech Limited	15677299	England	90
13	Vital Future Software Limited	15651455	England	100
14	Vital SGN Investments Limited	13787572	England	100

**"Outstanding Bonds"** means any Bonds not redeemed or otherwise discharged.

**"Overdue Amount"** means any amount required to be paid by an Obligor under the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

**"Parent"** means Vital Holdings Limited, a private limited company incorporated under the laws of England and Wales, with the company number 06395526.

**"Parent Group"** means the Parent and all its Subsidiaries from time to time.

**"Parent Group Company"** means the Parent or any of its Subsidiaries.

**"Parent Security Agreement"** means the English law governed parent security agreement to be granted by the Parent in favour of the Security Agent, incorporating a share charge in respect of all the issued shares in the Issuer and security over any Subordinated Loan.

**"Partial Payment"** means a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents.

**"Paying Agent"** means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD.

**"Payment Date"** means any Interest Payment Date or any Repayment Date.

**"Permitted Disposal"** means any Disposal:

- (a) in the ordinary course of business;
- (b) of surplus materials or equipment or material or equipment that are promptly replaced with materials or equipment of equivalent utility;
- (c) of assets that are obsolete, worn out or no longer required for the business of the Issuer Group;
- (d) of shares of an Issuer Group Company (other than an Obligor), on arm's length terms;
- (e) of shares in GJ Eco and assets of GJ Eco in the context of a Dissolution of GJ Eco;
- (f) arising as a result of any Permitted Loan, Permitted Security or Permitted Transaction;
- (g) as required to comply with the existing lift and shift provisions relating to conduits within the Port Clarence Lease Agreements and/or the existing Port Clarence Property Documents;
- (h) resulting from the granting of the license to occupy the Port Clarence Plant made between (i) Vital Energi (Port Clarence) Limited and (ii) Elba Securities Limited to be dated on or around completion of the Port Clarence Lease Agreement, and
- (i) of any other property or assets, provided that the gross proceeds of such Disposals do not exceed of GBP 2,500,000 (or its equivalent in other currencies) per year in the aggregate.

**"Permitted Distribution"** means any Distribution:

- (a) by an Issuer Group Company (other than the Issuer), if such Distribution is made to another Issuer Group Company; and
- (b) by a Parent Group Company (other than an Issuer Group Company), if such Distribution is made to another Parent Group Company,

and provided in each case that, in the event any Distribution is made by a relevant company which is not wholly owned by other Issuer Group Companies or Parent Group Companies (as applicable), then a simultaneous Distribution to the third-party shareholders is permitted provided that such Distribution does not exceed the pro rata share of those third-party shareholders.

**"Permitted Financial Indebtedness"** means any Financial Indebtedness:

- (a) incurred under the Finance Documents;
- (b) up until the First Release from the Escrow Account (or otherwise contemplated by the agreed closing procedure), arising under the Drakelow Aviva Debt;
- (c) incurred under any Subordinated Loan;
- (d) any Intra-Issuer Group Loans;
- (e) arising under a Permitted Loan, a Permitted Guarantee or in connection with a Permitted Security or a Permitted Transaction;
- (f) arising as a result of a contemplated refinancing of the Bond Issue in full provided that an irrevocable and unconditional call notice has been issued;
- (g) existing and future bid-, payment- and performance bonds and/or letters of credit in the ordinary course of business and/or a guarantee facility to facilitate the issue of such;
- (h) arising under any ordinary trade credit extended to it on normal commercial terms;
- (i) arising under any netting, cash pooling, cash management arrangement or set-off arrangement, involving members of the Issuer Group;
- (j) incurred under leasing arrangements for equipment, real property or other operational assets used in the ordinary course of business;
- (k) arising pursuant to any European Union or UK government (or any of their affiliates, subsidies or partners) grant, subsidy and/or loan, in connection with the business undertaken by the Issuer Group;
- (l) related to any foreign exchange transaction, hedging of currency, interest rate fluctuations or products, in each case in the ordinary course of business and on a non-speculative basis; and

- (m) any other Financial Indebtedness not permitted by the preceding paragraphs, provided that the aggregate outstanding principal amount does not exceed GBP 2,500,000 (or its equivalent in other currencies) for the Issuer Group at any time.

**"Permitted Financial Support"** means Financial Support:

- (a) granted under or in connection with the Finance Documents;
- (b) up until the First Release from the Escrow Account (or otherwise contemplated by the agreed closing procedure), granted in respect of the Drakelow Aviva Debt or in respect of the Port Clarence Glennmont Debt;
- (c) constituting Permitted Financial Indebtedness, Permitted Loans, Permitted Guarantees, Permitted Security or arising in connection with a Permitted Transaction;
- (d) Financial Support in the form of investments in the capital of an Issuer Group Company;
- (e) any Financial Indebtedness or loan made or credit extended by the Issuer to its customers in the ordinary course of business; and
- (f) any other Financial Support not falling within the preceding paragraphs, provided that the aggregate outstanding principal amount does not exceed GBP 2,500,000 (or its equivalent in other currencies) for the Issuer Group at any time.

**"Permitted Guarantees"** means:

- (a) any guarantee, performance or bond guaranteeing performance by any Issuer Group Company granted or created in the ordinary course of trade and/or business;
- (b) customary guarantees and indemnities from an Issuer Group Company given or arising in favour of directors, arrangers, underwriters, other contractual parties or professional advisers;
- (c) any guarantee issued to a landlord or other contractual parties in relation to rental obligations of an Issuer Group Company;
- (d) any guarantee given by an Issuer Group Company in connection with any Permitted Financial Indebtedness, any Permitted Disposal or any Permitted Transaction;
- (e) any guarantees and indemnities from the Parent or an Issuer Group Company (other than Vital Energi Generation Limited, Vital Energi (Drakelow) Limited, CEP Teesside Biomass Limited, Vital Energi (Port Clarence) Limited or Vital Energi (Drakelow Property) Limited) in support of any applications for the Financial Indebtedness described in paragraph (k) of the definition of Permitted Financial Indebtedness; and
- (f) any other guarantee not falling within the categories set out above, provided that the aggregate guaranteed amount does not exceed GBP 2,500,000 (or its equivalent in other currencies) for the Issuer Group at any time.

**"Permitted Loan"** means:



- (a) any trade credit extended by an Issuer Group Company to its customers on normal commercial terms and in the ordinary course of their trading activities;
- (b) any Intra-Issuer Group Loans;
- (c) any loan disbursed by an Issuer Group Company to a Parent Group Company prior to the Initial Issue Date and which are listed in Attachment 4 (*List of Intra-Group Loans*) hereto;
- (d) the loan from the Issuer to the Parent up to an amount of GBP 19,000,000 arising from the Issuer's payment of the Port Clarence Glenmont Debt plus any associated interest;
- (e) the loan from Vital Energi Utilities Limited to G.D.G. Properties Limited in the principal amount of approximately GBP 6,300,000;
- (f) the loan from Vital Energi Utilities Limited to Vital Holdings Investments Limited and/or its Subsidiaries in connection with the Berkley project acquisition and Yorkshire Energy Park project in the principal amount of approximately GBP 10,000,000;
- (g) the loan from Vital Energi Utilities Limited to Gary Fielding in the principal amount of approximately GBP 3,000,000; and
- (h) any other loan not falling within the categories set out above, provided that the aggregate outstanding principal amount does not exceed GBP 2,500,000 (or its equivalent in other currencies) for the Issuer Group at any time.

**"Permitted Security"** means:

- (a) the Transaction Security;
- (b) any lien arising by operation of law in the ordinary course of business and not as a result of any default or omission by the Issuer or any Issuer Group Company;
- (c) any netting, close-out netting or set-off arrangement entered into by any Issuer Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of such Issuer Group Company (including any multi-account overdraft) or pursuant to any derivative transaction that constitutes Permitted Financial Indebtedness;
- (d) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to any Issuer Group Company in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any such Issuer Group Company;
- (e) any Security for obligations or liability incurred by any Issuer Group Company in the ordinary course of business or as part of any acquisition or divestment by any Issuer Group Company (including guarantees, bonds, performance guarantees and indemnities given in the ordinary course of business);

- (f) up until the First Release from the Escrow Account (or otherwise contemplated by the agreed closing procedure), any Security granted by an Issuer Group Company in respect of the Drakelow Aviva Debt;
- (g) any Security granted or to be granted in connection with the Port Clarence Lease Agreements or the Drakelow Leases or over any escrow accounts (for the avoidance of doubt, these escrow accounts are not connected to the Escrow Account and such arrangements are not subject to Transaction Security);
- (h) each existing Security agreement connected to any Connecting Europe Facility and public sector projects granted by Vital Energi Solutions Limited, including, but not limited to, any Security in favour of Birchyard Trustee 1 Limited and Birchyard Trustee 2 Limited acting as joint trustees of Birchyard Property Unit Trust, or in favour of De Lage Landen Leasing Limited, as well as any future Security agreement granted in support of CEF or public sector-funded projects;
- (i) the debenture dated 27 January 2020 granted by Vital Energi (Drakelow) Limited in favour of Vital Energi Generation Limited (formerly Vital Energi Renewables Limited) subject to a customary intercreditor agreement with the Bond Trustee confirming security to be junior to and fully subordinated to the Security taken by the Bond Trustee (including with respect to ranking and administrative/voting rights, such intercreditor agreement shall include provisions whereby the Bond Trustee (in its capacity as security agent for the Transaction Security) shall have sole authority to make all decisions relating to the timing, method, and other matters concerning enforcement, whether consensual, in insolvency or otherwise, as well as the release of junior security in connection with (i) non-distressed disposals permitted under these Bond Terms, and (ii) distressed disposals) (the "**Drakelow Debenture Intercreditor Agreement**");
- (j) the Chattel mortgage dated 29 June 2022 granted by Vital Energi Utilities Limited in favour of Paragon Commercial Finance Limited; and
- (k) any Security securing indebtedness of any Issuer Group Company the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by the any Issuer Group Company other than any permitted under the preceding paragraphs) does not exceed GBP 2,500,000 (or its equivalent in other currencies) at any time,

provided in each case that no other Security can be taken over assets subject to Transaction Security, other than the Security referred to in paragraph (i) above, subject to such Security being subject to the Drakelow Debenture Intercreditor Agreement.

**"Permitted Transaction"** means:

- (a) any Disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or quasi-security given, or other transaction arising, under the Finance Documents;
- (b) the Dissolution of GJ Eco;

- (c) the opening, maintaining and securing of any escrow accounts (or equivalent) required in support of any projects of any Issuer Group Company; and
- (d) the transfer, novation and/or assignment of any Financial Indebtedness described in paragraph (k) of the definition of Permitted Financial Indebtedness from an Issuer Group Company to a non-Issuer Group Company or vice versa.

**"Port Clarence Assets"** shall have the meaning ascribed to such term in paragraph (xii) of Clause 2.5 (*Transaction Security*).

**"Port Clarence Completion Conditions"** means that, in respect of the Port Clarence Plant, the following conditions being satisfied, as confirmed by the Technical Advisor in a Port Clarence Completion Confirmation:

- (a) a Take Over Certificate (as defined in the Port Clarence EPCM Contract) has been issued pursuant to the Port Clarence EPCM Contract, and the Technical Advisor confirms to the Bond Trustee that the appropriate commissioning and take-over tests have been satisfied, and there are no known deficiencies or faults that threaten the operation of the Port Clarence Plant;
- (b) all material authorizations, consents, permits, and approvals necessary for the operation of the Port Clarence Plant have been obtained, and adequate spares are available to support operations;
- (c) the Port Clarence Plant meets, and is capable of performing in accordance with, the specifications in the Port Clarence EPCM Contract; and
- (d) all issued invoices to the Issuer Group pertaining to work and services required for the issuance of the Take Over Certificate have been paid.

**"Port Clarence Completion Confirmation"** means a confirmation from the Technical Advisor to the Bond Trustee, confirming that the Port Clarence Completion Conditions have been satisfied, co-signed by the Issuer and the Port Clarence Plant Owner.

**"Port Clarence Completion Date"** means the date the Port Clarence Completion Confirmation is issued.

**"Port Clarence Construction Plan"** means the documents which together set out the planning, engineering, construction and completion of the Port Clarence Project (as amended, from time to time, in accordance with the provisions of these Bond Terms).

**"Port Clarence EPCM Contract"** means, in respect of the Port Clarence Plant, the engineering, procurement, and construction management agreement to be entered into by the Port Clarence Plant Owner and Vital Energi Solutions Limited, as amended, supplemented and replaced as permitted hereunder.

**"Port Clarence Financial Model"** means the detailed cash flow model (including a capex budget for the Port Clarence Project) reflecting the current expected economic life of the Port Clarence Plant, prepared by the Issuer (as amended, from time to time, in accordance with the provisions of these Bond Terms).

**"Port Clarence Fuel Supply Agreement"** means the contract for the supply of feedstock to any part of the Port Clarence Plant dated on or around the Initial Issue Date and made between Vital Energi (Port Clarence) Limited and N&P Feedstock PCEL Ltd.

**"Port Clarence Glennmont Debt"** means the seller credit owed by the Parent to Glennmont under the Port Clarence SPA, in an aggregate principal amount of approximately GBP 19,000,000, plus any associated interest.

**"Port Clarence Lease Agreements"** means the lease dated 17 September 2015 between Elba Securities Limited and Port Clarence Energy Limited, as amended by a deed of variation dated 8 June 2023 between the same parties, and further amended by a deed of variation dated 2 May 2025 between (i) Elba Securities Limited, (ii) Port Clarence Energy Limited (in administration), and (iii) Howard Smith and Richard John Harrison as joint administrators of Port Clarence Energy Limited (in administration).

**"Port Clarence Plant"** means the partly completed biomass facility located at Clarence Port, Port Clarence, River Tees, North Bank, Teesside, United Kingdom, as more specifically described in the Port Clarence Lease Agreements.

**"Port Clarence Plant Owner"** means Vital Energi (Port Clarence) Limited, company number 16207205.

**"Port Clarence Project"** means the development, construction, completion and conversion of the Port Clarence Plant from a biomass facility to a 27.60 MWe net output energy-from-waste (EfW) from residual waste as more specifically described in the Port Clarence Construction Plan.

**"Port Clarence Project Costs"** means (i) the fees, costs, and expenses described in the Port Clarence Financial Model, being part of the Port Clarence Construction Plan, and incurred or to be incurred to ensure the occurrence of the Port Clarence Completion Date, and (ii) the fees, costs, and expenses that may be paid from the balance of the contingency sum in the Port Clarence Financial Model, including expenditures related to any Port Clarence Project Document or Port Clarence Property Document arising from the exercise of any third-party right.

**"Port Clarence Project Documents"** means each of:

- (a) contract for the engineering, procurement and construction management of any part of the Port Clarence Plant, including the Port Clarence EPCM Contract;
- (b) the Port Clarence Fuel Supply Agreement;
- (c) the Port Clarence Lease Agreements;
- (d) contract for the sale of produce (including electricity/power) from any part of the Port Clarence Plant; and
- (e) contract for Insurances with respect to the Port Clarence Plant,

in each case as amended, supplemented and replaced from time to time.

**"Port Clarence Property Documents"** means deeds, contracts, licences, covenants, rights, and similar instruments: (i) that benefit and/or burden the land demised by, or over which rights are granted under, the Port Clarence Lease Agreements; or (ii) that relate to utilities serving, or drainage from, the Port Clarence Plant.

**"Port Clarence SPA"** means the agreement for the sale and purchase of the entire issued share capital of CEP Teesside Biomass Limited, dated 28 January 2025, and made between (i) Parent, (ii) CEP Teesside Biomass Limited, and (iii) Glennmont, as the same may be varied, amended, replaced or restated from time to time.

**"Pre-Disbursement Conditions Precedent"** has the meaning given to it in Clause 6.2 (*Conditions precedent for releases from the Escrow Account*).

**"Pre-Settlement Conditions Precedent"** has the meaning given to it in Clause 6.1 (*Conditions precedent for disbursement to the Escrow Account*).

**"Put Option"** has the meaning ascribed to such term in Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

**"Put Option Event"** means a Change of Control Event.

**"Put Option Repayment Date"** means the settlement date for the Put Option pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

**"Release Notice"** means a release notice, substantially in the form set out in Attachment 2 (*Release Notice – Escrow Account*) to these Bond Terms, signed by the Issuer and specifying the amount to be released from the Escrow Account, and, where required, countersigned by the Bond Trustee or the Technical Advisor in accordance with these Bond Terms.

**"Relevant Jurisdiction"** means the country in which the Bonds are issued, being Norway.

**"Relevant Period"** means each period of twelve (12) consecutive calendar months ending on each Reporting Date.

**"Relevant Record Date"** means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time; or
- (b) for the purpose of casting a vote with regard to Clause 17 (*Bondholders' Decisions*), the date falling on the immediate preceding Business Day to the date of that Bondholders' decision being made, or another date as accepted by the Bond Trustee.

**"Repayment Date"** means any Call Option Repayment Date, the Default Repayment Date, any Put Option Repayment Date, the Tax Event Repayment Date, the Mandatory Redemption Repayment Date or the Maturity Date.

**"Reporting Date"** means 31 March, 30 June, 30 September, and 31 December each year.

**"Secured Obligations"** means all present and future liabilities and obligations of the Obligors and any Security Provider to any of the Secured Parties under the Finance Documents.

**"Secured Parties"** means the Security Agent and the Bond Trustee on behalf of itself and the Bondholders, the Bondholders and any supplemental or replacement Bond Trustee or Security Agent and any other creditor representative appointed under or in relation to the Finance Documents.

**"Securities Trading Act"** means the Securities Trading Act of 2007 no.75 of the Relevant Jurisdiction.

**"Security"** means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**"Security Agent"** means the Bond Trustee or any successor Security Agent, acting for and on behalf of the Secured Parties in accordance with any Security Agent Agreement or any other Finance Document.

**"Security Agent Agreement"** means (i) the English Security Trust Deed and (b) any other agreement (other than these Bond Terms) whereby the Security Agent is appointed to act as such in the interest of the Bond Trustee (on behalf of itself and the Bondholders).

**"Security Provider"** means any person granting Transaction Security.

**"Subordinated Loan"** means any loan or credit granted or to be granted to the Issuer, with terms to ensure that such loan:

- (a) is fully subordinated to the liabilities of the Issuer under the Finance Documents;
- (b) does not mature prior to the date on which all amounts under these Bond Terms and any other Finance Documents have been paid in full; and
- (c) does not provide for its acceleration or confer any right to declare any event of default prior to the date on which all amounts under these Bond Terms and any other Finance Documents have been paid in full,

and which is subject to a subordination and turn-over agreement between the Issuer, the Bond Trustee, and the lender of such Subordinated Loan governed by the laws of England and Wales.

**"Subordination Deed"** means the English law governed subordination deed to be entered into originally between the Bond Trustee, the Security Agent, the Parent, the Issuer and Vital Energi Utilities Limited.

**"Subsidiary"** means an entity over which another entity or person has Decisive Influence or which in accordance with the Accounting Standard in any applicable jurisdiction is considered a subsidiary of another entity.

**"Summons"** means the call for a Bondholders' Meeting or a Written Resolution as the case may be.

**"Tap Issue"** has the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

**"Tap Issue Addendum"** has the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

**"Tax Event Repayment Date"** means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.4 (*Early redemption option due to a tax event*).

**"Technical Advisor"** means SLR Consulting Limited, engaged by the Issuer at its own cost to serve as technical advisor in connection with the Port Clarence Project.

**"Technical Advisor's Report"** means a report with respect to the Port Clarence Project delivered by the Technical Advisor to the Bond Trustee as a Pre-Disbursement Conditions Precedent.

**"Transaction Security"** means any guarantee, indemnity or security interest securing or intended to secure the Secured Obligations (including any security trust deed and direct agreements), and includes any Security created or expressed to be created in favour of the Security Agent (on behalf of the Secured Parties) pursuant to the Transaction Security Documents.

**"Transaction Security Documents"** means, collectively, the Escrow Account Pledge and all of the documents which shall be executed or delivered pursuant to Clause 2.5 (*Transaction Security*), including any agreement, document or instrument evidencing the creation, perfection or terms of the Transaction Security (such as notices, acknowledgements, and undertakings issued in respect thereof).

**"Unused Insurance Proceeds Amount"** has the meaning given to it in Clause 10.5 (*Mandatory early redemption due to an Insurance Event*).

**"VEUL Security Agreement"** means the English law governed security agreement to be entered into between Vital Energi Utilities Limited as chargor and the Security Agent, relating to Subordinated Loans made by Vital Energi Utilities Limited as lender and the Issuer as borrower.

**"Voting Bonds"** means the Outstanding Bonds less the Issuer's Bonds.

**"Written Resolution"** means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 17.5 (*Written Resolutions*).

## 1.2 Construction

In these Bond Terms, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number will include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of these Bond Terms;

- (d) references to a time are references to Central European Time unless otherwise stated;
- (e) references to a provision of "**law**" are a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;
- (f) references to a "**regulation**" includes any regulation, rule, official directive, request or guideline by any official body;
- (g) references to a "**person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
- (h) references to Bonds being "**redeemed**" means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;
- (i) references to Bonds being "**purchased**" or "**repurchased**" by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer's purchase of Bonds*);
- (j) references to persons "**acting in concert**" shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and
- (k) an Event of Default is "**continuing**" if it has not been remedied or waived.

## 2. THE BONDS

### 2.1 Amount, denomination and ISIN of the Bonds

- (a) The Issuer has resolved to issue a series of Bonds up to GBP 175,000,000 (the "**Maximum Issue Amount**"). The Bonds may be issued on different issue dates and the Initial Bond Issue will be in the amount of GBP 150,000,000.
- (b) The Issuer may, provided that (i) no Event of Default is continuing and (ii) the conditions set out in Clause 6.3 (*Conditions precedent – Tap Issues*) are met, at one or more occasions issue Additional Bonds (each a "**Tap Issue**") until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount less the Nominal Amount of any previously redeemed Bonds.
- (c) Each Tap Issue will be subject to identical terms as the Bonds issued pursuant to the Initial Bond Issue in all respects as set out in these Bond Terms, except that Additional Bonds may be issued at a different price than for the Initial Bond Issue and which may be below or above the Nominal Amount. The Bond Trustee shall prepare an addendum to these Bond Terms evidencing the terms of each Tap Issue (a "**Tap Issue Addendum**").
- (d) The Issuer may establish a separate escrow account (with a bank acceptable to the Bond Trustee, or as a client account with the Paying Agent or Nordic Trustee Services AS), where the Net Proceeds from the Tap Issue may be deposited until all conditions precedent for release have been fulfilled. Such escrow account shall be pledged on a



first-priority basis in favour of the Bond Trustee (on behalf of the Bondholders under the relevant Tap Issue) and shall be blocked so that no withdrawals can be made therefrom without the Bond Trustee's prior written consent.

- (e) The Bonds are denominated in GBP, being the legal currency of the United Kingdom.
- (f) The Nominal Amount of each Bond is GBP 1,000.
- (g) The ISIN of the Bonds is set out on the front page. These Bond Terms apply with identical terms and conditions to (i) all Bonds issued under this ISIN, and (ii) any Overdue Amounts issued under one or more separate ISIN in accordance with the regulations of the CSD from time to time.
- (h) Holders of Overdue Amounts related to interest claims will not have any other rights under these Bond Terms than their claim for payment of such interest claim which claim shall be subject to paragraph (b) of Clause 17.1 (*Authority of the Bondholders' Meeting*).

## 2.2 Tenor of the Bonds

The tenor of the Bonds is from and including the Initial Issue Date to but excluding the Maturity Date.

## 2.3 Use of proceeds

The Issuer shall apply the Net Proceeds from the issuance of the Bonds (including any Additional Bonds) for the following purposes:

- (a) refinancing of the Drakelow Aviva Debt;
- (b) payment of the First Instalment of the Port Clarence Glennmont Debt;
- (c) with the proceeds from any Tap Issue, financing the repayment of the balance of the Port Clarence Glennmont Debt (including interest thereon);
- (d) financing of the Drakelow Capex;
- (e) financing of the Port Clarence Project Costs;
- (f) making Interest Payments owing under these Bond Terms; and
- (g) for any general corporate purposes of the Issuer Group, including, for the avoidance of doubt, the financing of any projects undertaken by any Issuer Group Company.

## 2.4 Status of the Bonds

The Bonds and each other payment obligation under or in relation to the Finance Documents shall constitute senior debt obligations of each Obligor. The Bonds will rank *pari passu* between themselves and at least *pari passu* with the claims of each Obligor's other unsubordinated creditors (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). All payment obligations under or in relation to the Finance Documents shall rank ahead of any subordinated debt.

## 2.5 Transaction Security

- (a) As Security for the due and punctual fulfilment of the Secured Obligations, the Issuer shall procure that the following Transaction Security is granted in favour of the Security Agent on behalf of the Secured Parties, or, in the case of the Pre-Settlement Transaction Security, in favour of the Bond Trustee (on behalf of itself and the Bondholders), with first-ranking and within the time periods agreed in Clause 6 (*Conditions for Disbursement*):

### *Pre-Settlement Transaction Security*

- (i) a pledge over the Escrow Account,

### *Pre-Disbursement Transaction Security*

- (ii) an English Security Trust Deed;
- (iii) a charge over all issued shares in the Issuer, from time to time;
- (iv) the Parent Security Agreement;
- (v) the VEUL Security Agreement;
- (vi) a Guarantee from each of CEP Teesside Biomass Limited and Vital Energi (Port Clarence) Limited;
- (vii) a security assignment over any Subordinated Loan, from time to time; and
- (viii) the Subordination Deed,

### *Post-Disbursement Transaction Security*

- (ix) a security assignment over all Intra-Issuer Group Loans owing by any Obligor (whose shares are subject to Transaction Security) to an Issuer Group Company, from time to time;
- (x) a Guarantee from each Guarantor, other than CEP Teesside Biomass Limited and Vital Energi (Port Clarence) Limited;

### *In respect of the Drakelow Plant:*

- (xi) a debenture granted by the Drakelow Plant Owner, including a fixed charge over the property and assets constituting the Drakelow Plant, an assignment of the Drakelow Plant Project Documents, any Insurances, and land use rights, fixed charges over the Drakelow Plant and any buildings, machinery, vehicles, intellectual property, and all other assets owned by the Drakelow Plant Owner from time to time (the "**Drakelow Assets**"), and a floating charge over all other assets of the Drakelow Plant Owner to the extent permitted under applicable laws and regulations;

- (xii) a debenture granted by Vital Energi (Drakelow Property) Limited to include fixed and floating charges over all of its property and assets from time to time, to the extent permitted under applicable law and regulations;
- (xiii) a charge over all issued shares in Vital Energi Generation Limited, Vital Energi (Drakelow) Limited, and Vital Energi (Drakelow Property) Limited, from time to time, provided that in respect of Vital Energi Generation Limited, the charge shall be limited to the shares held by the Issuer (being no less than 76% of the issued shares);
- (xiv) direct agreements with relevant counterparties in respect of each of the Drakelow Leases, the supplemental leases described in paragraph (a)(iv)(B) and (C) of Clause 6.5 (*Conditions subsequent*) and the Drakelow Fuel Supply Agreement, under which the Bond Trustee shall have step-in and assignment rights in the event of default under those agreements or under the Finance Documents;

*In respect of the Port Clarence Plant:*

- (xv) a debenture granted by the Port Clarence Plant Owner, including a fixed charge over the property and assets constituting the Port Clarence Plant, an assignment of the Port Clarence Project Documents (excluding the document referred to in paragraph (d) of the definition of "Port Clarence Project Documents", and so that the security will be extended to such assets when those documents are entered into), any Insurances, and land use rights, fixed charges over the Port Clarence Plant and buildings, machinery, vehicles, intellectual property, and all other assets owned by the Port Clarence Plant Owner from time to time (the "**Port Clarence Assets**"), and a floating charge over all other assets of the Port Clarence Plant Owner to the extent permitted under applicable law and regulation;
- (xvi) a charge over all issued shares in CEP Teesside Biomass Limited and Vital Energi (Port Clarence) Limited, from time to time; and
- (xvii) direct agreements with relevant counterparties in respect of each of the Port Clarence Lease Agreements and the Port Clarence Fuel Supply Agreement, under which the Bond Trustee shall have step-in and assignment rights in the event of default under those agreements or under the Finance Documents.

## 2.6 Transaction Security Principles

The Transaction Security shall be entered into on such terms and conditions as the Security Agent and the Bond Trustee in its discretion deems appropriate in order to create the intended benefit for the Secured Parties under the relevant document, and should be based on the following security principles:

- (a) An English Security Trust Deed shall establish the appointment of the Bond Trustee as security trustee on behalf of the Bondholders in respect of the Transaction Security governed by English law.
- (b) The Transaction Security shall be first priority.

- (c) The Security Agent is irrevocably authorised to release any Transaction Security over shares or assets (i) which are sold or otherwise disposed of (directly or indirectly) in connection with any Permitted Transaction, including any de-merger or Disposal permitted in compliance with Clauses 13.5 (*Mergers and de-mergers*), 14.3 (*Disposals*), (ii) as determined by the Bond Trustee, to facilitate a sale of a security asset in connection with any enforcement or insolvency process, and (iii) any Guarantee or Transaction Security provided by a Guarantor that ceases to be a Material Subsidiary (other than an Original Guarantor), either (A) by no longer being required to be a Material Subsidiary in order to satisfy a Guarantor Coverage Test (which shall be confirmed in writing by the Issuer to the Bond Trustee), or (B) through a sale of the shares in that Guarantor under a transaction otherwise permitted under the Finance Documents, provided in each case for releases under subparagraph (C) that, at the time of release, no Event of Default is continuing and no mandatory prepayment, put option or call option has been triggered or otherwise exercised and which remain unpaid (and which shall be confirmed in writing by the Issuer to the Bond Trustee).
- (d) Transaction Security over new or additional assets of a Security Provider, which pursuant to the terms set out in the Pre-Disbursement Transaction Security are required to become subject to Transaction Security, shall (in the case of additional Transaction Security) be agreed and/or supplemental security documents entered into (and/or new perfection or registration actions must be performed within the statutory timeframes) as soon as reasonably practicable and no later than fifteen (15) Business Days after such new or additional asset came into the ownership of the relevant Security Provider. This applies unless already covered by existing Transaction Security. New or additional shares in the Issuer or Insurances shall at all times be subject to Transaction Security.
- (e) Additional Transaction Security shall be entered into on terms similar to the initial Transaction Security or otherwise acceptable to the Bond Trustee (acting reasonably). The Issuer shall, without delay, deliver (or procure the delivery of) to the Bond Trustee such documents and evidence as the Bond Trustee may reasonably require with respect to any relevant Security Provider over which additional Transaction Security is to be taken and shall make the necessary applications for registration at Companies House and/or the Land Registry (as applicable) within the required timeframes, including constitutional documents, corporate authorisations, governmental approvals, and third-party consents. The Bond Trustee may, if reasonable, and at the cost of the Issuer, require legal opinions to be issued. With respect to the Port Clarence Plant and the Drakelow Plant, supplemental or additional direct agreements shall be entered into in respect of any new or additional fuel supply agreements or land lease agreements (or similar agreements) that come into existence after the Initial Issue Date. Such direct agreements shall be entered into as soon as reasonably practicable and no later than twenty (20) Business Days after such supplemental or additional agreement is executed. The direct agreements shall be entered into on terms similar to the initial direct agreements or otherwise acceptable to the Bond Trustee (acting reasonably). The Issuer shall, without delay, deliver (or procure the delivery of) to the Bond Trustee such documents and evidence as the Bond Trustee shall reasonably require with respect to any relevant Security Provider, person, or agreement in respect of which direct agreements will be entered into, including constitutional documents, corporate authorisations, governmental

approvals, and third-party consents. The Bond Trustee may, at the cost of the Issuer, require legal opinions to be issued.

### **3. THE BONDHOLDERS**

#### **3.1 Bond Terms binding on all Bondholders**

- (a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.
- (b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

#### **3.2 Limitation of rights of action**

- (a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures or take other legal action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.
- (b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

#### **3.3 Bondholders' rights**

- (a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.
- (b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

### **4. ADMISSION TO LISTING**

The Issuer shall ensure that the Bonds are listed on an Exchange within six (6) months of the Initial Issue Date and thereafter remain listed on an Exchange until the Bonds have been redeemed in full.

## **5. REGISTRATION OF THE BONDS**

### **5.1 Registration in the CSD**

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.

### **5.2 Obligation to ensure correct registration**

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

### **5.3 Country of issuance**

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

## **6. CONDITIONS FOR DISBURSEMENT**

### **6.1 Conditions precedent for disbursement to the Escrow Account**

Payment of the Net Proceeds from the issuance of the Bonds to the Escrow Account shall be conditional on the Bond Trustee having received in due time (as determined by the Bond Trustee) prior to the Initial Issue Date each of the following documents and evidence, in form and substance satisfactory to the Bond Trustee (the "**Pre-Settlement Conditions Precedent**"):

*Finance Documents:*

- (a) these Bond Terms duly executed by all parties hereto;
- (b) the Escrow Account Pledge duly executed by all parties thereto and perfected in accordance with Norwegian law with its intended priority, together with evidence that all required notices, acknowledgements, documents, and undertakings to be dispatched or received in connection therewith have been duly dispatched or received;
- (c) the Bond Trustee Fee Agreement duly executed by all parties thereto;

*Corporate and formalities documents:*

- (d) copies of all corporate resolutions required to authorise the Issuer's issuance of the Bonds and the execution and performance of the Finance Documents to which it is a party (including shareholder resolutions, where applicable);
- (e) a copy of a power of attorney (unless included in the corporate resolutions) from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party;
- (f) copies of the Issuer's articles of association and certificate of incorporation and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing (or equivalent);

- (g) a director's certificate in respect of the Issuer, including specimen signatures certifying copy documents and confirming that issuing and providing Transaction Security for the Bonds will not breach any borrowing/security restriction applicable to it;

*Other documents and evidence:*

- (h) a copy of the Annual Financial Statements of the Parent for its financial year ending 30 June 2024 and a copy of the Interim Accounts ending 31 December 2024;
- (i) a structure chart for the Parent Group detailing the Parent Group immediately after the Initial Issue Date and showing, *inter alia*, that the Issuer Group includes the Original Issuer Group Companies, confirmed by the Chief Executive Officer of the Parent; such structure chart to acknowledge that the legal ownership of certain shares will not be fully transferred until the HMRC stamping process has been completed;
- (j) a confirmation from the Parent that (i) as at the date of the First Release, the amount of Cash and Cash Equivalents of the Issuer Group is not less than GBP 47,000,000, and (ii) from and including 30 June 2025, no Distributions have been made by (A) any Parent Group Company (excluding the Issuer Group Companies, which term shall include companies intended to become Issuer Group Companies prior to or on or about the Initial Issue Date) other than to another Parent Group Company, or (B) any Issuer Group Company (including companies intended to become Issuer Group Companies prior to or on or about the Initial Issue Date) other than to another Issuer Group Company, such confirmation to be signed by the Chief Executive Officer of the Parent;
- (k) confirmation that the applicable prospectus requirements (ref. the EU prospectus regulation ((EU) 2017/1129)) concerning the issuance of the Bonds have been fulfilled;
- (l) confirmation that the Bonds are registered in the CSD (by obtaining an ISIN for the Bonds);
- (m) confirmation of acceptance from any process agent of the Issuer;
- (n) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any Manager in connection with the issuance of the Bonds; and
- (o) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of these Bond Terms and the Finance Documents to be entered into pre-settlement (including the Pre-Settlement Transaction Security)).

## 6.2 Conditions precedent for releases from the Escrow Account

The Net Proceeds from the issuance of the Bonds (on the Escrow Account) will not be disbursed to the Issuer unless the Bond Trustee has received or is satisfied that it will receive in due time (as determined by the Bond Trustee) prior to such disbursement to the Issuer each of the following documents, in form and substance satisfactory to the Bond Trustee (the "**Pre-Disbursement Conditions Precedent**"):

*Finance Documents:*

- (a) a duly executed Release Notice from the Issuer, as set out in Attachment 2;
- (b) the Pre-Disbursement Transaction Security documents, duly executed by all parties thereto, completed in accordance with applicable law and with their intended priority, and accompanied by evidence that all required third-party approvals, waivers, or concessions have been received, and that all notices, documents (including signed, undated stock transfer forms and share certificates, to the extent available), and undertakings required to be dispatched or received thereunder have been duly dispatched or received (as applicable);
- (c) if applicable, duly executed subordination and turnover agreements for Subordinated Loans existing at the Initial Issue Date;
- (d) the Drakelow Debenture Intercreditor Agreement;
- (e) all other required Finance Documents (unless delivered as Pre-Settlement Conditions Precedent or to be delivered as a Post-Disbursement Transaction Security) duly executed by the parties thereto;

*Corporate and formalities documents – in respect of each Obligor and Security Provider:*

- (f) unless delivered under Clause 6.1 (*Conditions precedent for disbursement to the Escrow Account*) above, as Pre-Settlement Conditions Precedent, in respect of each Obligor and Security Provider:
  - (i) copies of all corporate resolutions required to authorise the provision of the Transaction Security and the execution and performance of the Finance Documents to which it is a party (including shareholder resolutions, where applicable);
  - (ii) copies of the articles of association and certificate of incorporation and a full extract from the relevant company register evidencing that it is validly existing (or equivalent);
  - (iii) a copy of a power of attorney (unless included in the relevant corporate resolutions) from each Security Provider to relevant individuals for their execution of the Finance Documents to which it is a party;
  - (iv) a director's certificate, including specimen signatures certifying copy documents and confirming that guaranteeing and providing Transaction Security for the Bonds will not breach any guaranteeing/security restriction applicable to it, including a confirmation that the Obligor is not required to comply with Part 21A of the Companies Act 2006;
- (g) in respect of each Issuer Group Company whose shares are subject of the Transaction Security (a "**Charged Company**"), either:
  - (i) a certificate of an authorised signatory of the Issuer certifying that:



(A) each member of the Issuer Group has complied within the relevant timeframe with any notice it has received pursuant to Part 21A of the Companies Act 2006 from that Charged Company; and

(B) no "warning notice" or "restrictions notice" (in each case as defined in Schedule 1B of the Companies Act 2006) has been issued in respect of those shares,

together with

(C) a certified copy of the "PSC register" of that Charged Company; or

(ii) a certificate of an authorised signatory of the Charged Company certifying that such Charged Company is not required to comply with Part 21A of the Companies Act 2006;

*Other documents and evidence:*

(h) a confirmation from the Parent (supported by written calculations and signed by the Chief Executive Officer of the Parent) that, after the repayment of the Drakelow Aviva Debt and the payment of the First Instalment of the Port Clarence Glennmont Debt following the First Release, the balance on the Escrow Account will not be less than GBP 87,000,000;

(i) a copy of the shareholders' agreement for Vital Energi Generation Limited and a confirmation from the Issuer that this agreement has not been amended compared to the copy provided to the Manager prior to the Initial Issue Date;

(j) in respect of the refinancing of the Drakelow Aviva Debt, a pay-off letter from the outgoing lender(s) (or their creditor representative) to the Bond Trustee confirming (i) the total repayment amount that must be received to effect full repayment of the Drakelow Aviva Debt, and (ii) that, upon receipt of such amount, all security, guarantees, and indemnities from any Issuer Group Company, and all Security over the assets of any Issuer Group Company in respect of the Drakelow Aviva Debt, will be released;

(k) in respect of the Drakelow Plant, a copy of each of the Drakelow Plant Project Documents, excluding the variation agreements to the Drakelow O&M Agreement and Drakelow EPC Agreement;

(l) in respect of the Port Clarence Plant:

(i) a copy of the Port Clarence SPA and a confirmation from the Issuer that the transaction contemplated by the Port Clarence SPA has been completed;

(ii) a copy of the deed of variation to the Port Clarence SPA and a confirmation from the Issuer that the transaction contemplated by such deed of variation has been completed;

(iii) in respect of the Port Clarence Glennmont Debt, a pay-off letter from Glennmont confirming that, upon receipt of GBP 10,000,000, all security, guarantees and

indemnities granted by any Issuer Group Company, and any security over assets of any Issuer Group Company in respect of the Port Clarence Glennmont Debt, will be released;

- (iv) in respect of any existing Security held by the Parent over any asset related to the Port Clarence Plant, a confirmation from the Parent that all such Security in its favour will be released;
- (v) confirmation that the Technical Advisor has been engaged by the Issuer;
- (vi) a copy of each of the following, in the form agreed between the Issuer and the Technical Advisor:
  - (A) the Port Clarence Construction Plan; and
  - (B) the Port Clarence Financial Model;
- (vii) a copy of each of the following:
  - (A) the Port Clarence Project Documents (other than the document listed in paragraph (d) of the definition of Port Clarence Project Documents), duly executed by all parties, together with a confirmation from the Issuer that each such document has been or will be entered into in a form materially similar to the version shared with the Manager prior to the Initial Issue Date (and without amendments not otherwise permitted under the terms of the Port Clarence Project Documents);
  - (B) the Technical Advisor's Report;
  - (C) in respect of the Drakelow Plant, a HM Land Registry priority search carried out against title number DY542871 in favour of Vital Energi (Drakelow Property) Limited;
  - (D) in respect of the Port Clarence Plant, where the application to transfer title number CE226013 from Port Clarence Energi Limited (in administration) to Vital Energi (Port Clarence) Limited has not been submitted to HM Land Registry, a HM Land Registry priority search carried out against title number CE226013 in favour of Vital Energi (Port Clarence) Limited; and
- (m) the results of HM Land Registry searches in favour of the Security Agent on the appropriate forms against all of the leasehold registered titles comprising the sites for the Port Clarence Project and the Drakelow Plant, being title numbers DY542871, DY542875 and CE226013, and giving not less than twenty (20) working days' priority beyond the date of such search and showing no adverse entries; and
- (n) legal opinions or other statements as may be required by the Bond Trustee, including in respect of corporate matters relating to the Obligors or the Security Providers entering into the relevant Pre-Disbursement Transaction Security, and the legality, validity and enforceability of the Finance Documents (unless delivered under Clause 6.1 (*Conditions*

*precedent for disbursement to the Escrow Account*) as Pre-Settlement Conditions Precedent).

### **6.3 Conditions precedent – Tap Issues**

Settlement of any Tap Issue and disbursement of the Net Proceeds from such Tap Issue to the Issuer shall be subject to the delivery of certain conditions precedent, to the satisfaction of the Bond Trustee, as is customary for such Tap Issues, including:

- (a) a duly executed Tap Issue Addendum to these Bond Terms;
- (b) confirmation that the representations and warranties contained in these Bond Terms remain true and correct and are repeated by the Issuer as at the date of issuance of such Additional Bonds;
- (c) copies of all corporate resolutions required for the Tap Issue, and any power of attorney or other authorisation required for execution of the Tap Issue Addendum and any other Finance Documents; and
- (d) legal opinions or other statements as may be required by the Bond Trustee, including with respect to corporate matters relating to the Issuer and the legality, validity and enforceability of the Tap Issue Addendum and any other Finance Documents (if applicable).

### **6.4 Bond Trustee's general authority to waive conditions precedent**

The Bond Trustee, acting in its sole discretion, may, regarding Clause 6.1 (*Conditions precedent for disbursement to the Escrow Account*), Clause 6.2 (*Conditions precedent for releases from the Escrow Account*), and Clause 6.3 (*Conditions precedent – Tap Issues*), waive the requirements for documentation or decide that delivery of certain documents shall be made subject to an agreed closing procedure between the Bond Trustee and the Issuer.

### **6.5 Conditions subsequent**

- (a) The Issuer shall ensure that, as soon as reasonably practicable and no later than ten (10) Business Days after the date of the First Release to the Issuer from the Escrow Account:
  - (i) in respect of the Drakelow Plant, provide evidence to the Bond Trustee that the notice required to be served by Vital Energi (Drakelow) Limited under clause 46.3A of the Drakelow Underlease for the assignment of the Drakelow Superior Lease and the Drakelow Superior Supplemental Lease has been duly served, together with evidence of completion of the relevant TR1 evidencing assignment of the Drakelow Superior Lease and the Drakelow Superior Supplemental Lease;
  - (ii) the Post-Disbursement Transaction Security has been duly executed by all parties, completed in accordance with applicable law, and with its intended priority, accompanied by evidence that all required third-party approvals, waivers, or concessions have been received, and that all notices, acknowledgements, documents (including, but subject to Clause 6.5(d) below, signed, undated stock transfer forms and share certificates), and undertakings to be delivered or received thereunder have been duly dispatched or received;

- (iii) copies of the completed variation agreements to the Drakelow O&M Agreement and the Drakelow EPC Agreement are delivered to the Bond Trustee;
- (iv) copies of the following completed variations to the Drakelow Leases are delivered to the Bond Trustee:
  - (A) a deed of variation to the superior lease between (i) Aviva Investors Infrastructure Income No 48. Limited, Aviva Investors Infrastructure Income M No. 4D Limited, and Aviva Investors Infrastructure Income C No. 4F Limited, jointly and on behalf of Aviva Investors Infrastructure Income Limited Partnership and Aviva Investors Multi-Asset Alternative Income Fund, SICAV-RAIF SCSp (acting on behalf of sub-compartments IV and V), and (ii) E.ON UK plc (the "**Drakelow Superior Lease**");
  - (B) a supplemental lease to the superior lease between the same parties as in (A) above (the "**Drakelow Superior Supplemental Lease**");
  - (C) a supplemental lease to the underlease between (i) the same Aviva entities as listed in (A) above, and (ii) Vital Energi (Drakelow) Limited (the "**Drakelow Supplemental Underlease**"); and
  - (D) the deed of variation to the underlease between the same Aviva entities as listed in (A) above and Vital Energi (Drakelow) Limited,

(together the "**Drakelow Leases Variation Agreements**");
- (v) an executed copy of the assignment agreement pursuant to which Vital Energi (Port Clarence) Limited becomes party to the Port Clarence Lease Agreement as tenant;
- (vi) the results of HM Land Registry searches in favour of the Security Agent on the appropriate forms against all of the leasehold registered titles comprising Drakelow Superior Supplemental Lease and the Drakelow Supplemental Underlease, and giving not less than twenty (20) working days' priority beyond the date that such titles became subject to the Transaction Security and showing no adverse entries; and
- (vii) an acceptable undertaking from Squire Patton Boggs (UK) LLP in relation to any HM Land Registry applications and requisitions.
- (b) The Issuer shall ensure that, in respect of the charge over the shares of Vital Energi Generation Limited, any post-execution steps outlined in that agreement or in any separate undertaking are completed in accordance with the relevant provisions of that document.
- (c) The Issuer shall also ensure that, as soon as reasonably practicable and no later than ten (10) Business Days after the date of the First Release to the Issuer from the Escrow Account, the following documents and evidence are provided to the Bond Trustee, in form and substance satisfactory to the Bond Trustee:

- (i) evidence that the Insurances have been taken out, including endorsements in favour of the Bond Trustee, substantially in the form attached to the insurance broker's letter of undertaking set out in paragraph (ii) immediately below; and
  - (ii) a letter from each of the Issuer Group's insurance brokers confirming that the conditions set out in Clause 14.11 (*Insurances*) have been satisfied.
- (d) The Issuer shall, by no later than five (5) Business Days after the date on which the Issuer (or any other Issuer Group Company) receives confirmation that the stock transfer form which evidences the transfer of shares in:
- (i) Vital Energi Generation Limited from the Parent to the Issuer; or
  - (ii) CEP Teesside Biomass Limited from the Parent to the Issuer,

has been stamped by HMRC, deliver to the Bond Trustee:

(A) in respect of Vital Energi Generation Limited:

- (1) a certified true copy of the updated register of members: (showing the Issuer as the registered holder of 152 ordinary shares of £.0005 each in Vital Energi Generation Limited; and
- (2) a share certificate evidencing the ownership of shares in Vital Energi Generation Limited by the Issuer in accordance with paragraph (1) above; and

(B) in respect of CEP Teesside Biomass Limited:

- (1) a certified true copy of the updated register of members: (showing the Issuer as the registered holder of 55,044 ordinary shares of £1.00 each in CEP Teesside Biomass Limited; and
- (2) a share certificate evidencing the ownership of shares in CEP Teesside Biomass Limited by the Issuer in accordance with paragraph (1) above.

## 6.6 Additional conditions for releases from the Escrow Account

Releases of Net Proceeds from the Escrow Account may only take place as contemplated in Clause 2.3 (*Use of proceeds*) and provided that the relevant conditions precedent have been fulfilled or waived by the Bond Trustee. No release from the Escrow Account may occur for as long as an Event of Default under the Finance Documents is continuing or would result therefrom.

*Releases to fund the repayment of the Drakelow Aviva Debt, the First Instalment of the Port Clarence Glennmont Debt and the Drakelow Capex (the "First Release"):*

- (a) The First Release from the Escrow Account is subject to the satisfaction (or waiver) of the conditions precedent in Clause 6.2 (*Conditions precedent for releases from the Escrow Account*) and shall be used to complete the purposes set out in paragraphs

(a) refinancing of the Drakelow Aviva Debt, (b) payment of the First Instalment of the Port Clarence Glennmont Debt, and (d) financing of the Drakelow Capex as contemplated in Clause 2.3 (*Use of proceeds*). No further releases from the Escrow Account shall be permitted until these payments have been completed. Additionally, no further releases from the Escrow Account shall be permitted until all Post-Disbursement Transaction Security has been granted and perfected and formalities, documents, and legal opinions in respect thereof have been received by the Bond Trustee.

*Releases to fund Port Clarence Project Costs:*

- (b) Subject to the satisfaction (or waiver) of the conditions precedent in Clause 6.2 (*Conditions precedent for releases from the Escrow Account*), the conditions subsequent in Clause 6.5 (*Conditions subsequent*), and the repayment of the Drakelow Aviva Debt and the First Instalment of the Port Clarence Glennmont Debt, any release from the Escrow Account to fund Port Clarence Project Costs shall be limited to an amount equal to (as confirmed by the Issuer in each Release Notice), at the relevant release date, the Port Clarence Project Costs incurred plus Port Clarence Project Costs that, under the Port Clarence Financial Model, are projected to fall due for payment within the next ninety (90) calendar days. For clarity, and subject to the foregoing, additional releases from the Escrow Account to fund Port Clarence Project Costs may be made at any time during such ninety (90) calendar day period or any subsequent ninety (90) calendar day period.
- (c) Releases from the Escrow Account may be made by issuing a Release Notice to the account bank. Such notice shall be countersigned by the Bond Trustee. No more than fifteen (15) Release Notices may be issued for the release of funds from the Escrow Account to cover Port Clarence Project Costs. The Issuer may reallocate amounts initially deposited into the Escrow Account for general corporate purposes to instead be used for Port Clarence Project Costs. Moreover, the Issuer may deposit additional amounts into the Escrow Account to fund additional Port Clarence Project Costs.
- (d) Each Release Notice in respect of Port Clarence Project Costs shall include:
  - (i) a confirmation from the Issuer that (i) no Event of Default is continuing or will result from the release, (ii) the Cost-to-Complete Test is satisfied on the date of the Release Notice, (iii) no event or circumstance has occurred requiring the Port Clarence Financial Model and/or the Port Clarence Construction Plan (as shared with the Technical Advisor and the Bond Trustee) to be amended in any material respect in order to accurately and adequately constitute a plan and budget for completion of the Port Clarence Project, and (iv) the release amount will be applied towards Port Clarence Project Costs scheduled (under the Port Clarence Financial Model) in each case to fall due for payment within the next ninety (90) days;
  - (ii) a description of the purpose of the proposed release, including details of the Port Clarence Project Costs to be funded by such release and a confirmation that the released amount will be used for such purpose; and

- (iii) unless a Non-Compliance Notice (as defined below) has been issued solely in respect of disputed Port Clarence Project Costs, a countersignature by the Technical Advisor confirming that (i) the relevant Port Clarence Project Costs are associated with the Port Clarence Project, and (ii) the Cost-to-Complete Test has been satisfied on the date of delivery of the Release Notice to the Bond Trustee.
- (e) If the Technical Advisor does not countersign a Release Notice when required, the Issuer shall procure that the Technical Advisor issues a non-compliance notice (a "**Non-Compliance Notice**") to the Bond Trustee and the Issuer which details why the Release Notice has not been countersigned.
- (f) If the Technical Advisor issues a Non-Compliance Notice solely in respect of disputed Port Clarence Project Costs, the Issuer may nonetheless draw funds from the Escrow Account in respect of any undisputed Port Clarence Project Costs specified in the Release Notice. In such case, the Issuer shall submit a new Release Notice for the undisputed amount only, and such new Release Notice must satisfy the conditions set out in sub-clauses (i) through (iii) of clause (d) above in this Clause 6.6 (*Additional conditions for releases from the Escrow Account*).
- (g) If the Non-Compliance Notice relates to a failure to satisfy the Cost-to-Complete Test, no release shall be made from the Escrow Account, and the Issuer shall not issue any further Release Notices until the Bond Trustee receives a written confirmation, co-signed by the Technical Advisor, that (i) the relevant Obligor has been provided with such additional funds which are required to ensure that the Cost-to-Complete Test is now satisfied (together with supporting evidence in respect thereto required by the Bond Trustee) and/or (ii) a reduction of Port Clarence Project Costs has been made which results in the satisfaction of the Cost-to-Complete Test, at which time releases from the Escrow Account may resume.

*Releases to fund Interest Payments:*

- (h) Subject to the satisfaction (or waiver) of the conditions precedent in Clause 6.2 (*Conditions precedent for releases from the Escrow Account*), the conditions subsequent in Clause 6.5 (*Conditions subsequent*), and the repayment of the Drakelow Aviva Debt and the First Instalment of the Port Clarence Glennmont Debt, the Issuer may at any time thereafter (and irrespective of whether the Cost-to-Complete Test is satisfied) request releases from the Escrow Account to fund the Interest Payments on each Interest Payment Date. The Issuer may only request releases from the Escrow Account in amounts corresponding to the Interest Payment due on each Interest Payment Date.

*Releases to fund the general corporate purposes of the Issuer Group:*

- (i) Subject to the above, after the Port Clarence Completion Date, any release from the Escrow Account can be made to fund the purpose set out in paragraph (g) of Clause 2.3 (*Use of proceeds*) of these Bond Terms.

*Release of the balance following the Port Clarence Completion Date:*

- (j) Any remaining amount deposited on the Escrow Account following the Port Clarence Completion Date shall be released to fund general corporate purposes of the Issuer Group.

## **7. REPRESENTATIONS AND WARRANTIES**

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and Warranties*), in respect of itself and in respect of each Obligor to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

- (a) on the date of these Bond Terms;
- (b) on the Initial Issue Date;
- (c) on each date of disbursement of proceeds from the Escrow Account; and
- (d) on the date of issuance of any Additional Bonds.

### **7.1 Status**

It is a limited liability company, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

### **7.2 Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

### **7.3 Valid, binding and enforceable obligations**

These Bond Terms and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

### **7.4 Non-conflict with other obligations**

The entry into and performance by it of these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

### **7.5 No Event of Default**

- (a) No Event of Default exists or is likely to result from the making of any disbursement of proceeds or the entry into, the performance of, or any transaction contemplated by, any Finance Document.



- (b) No other event or circumstance has occurred which constitutes (or with the expiry of any grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

## **7.6 Authorisations and consents**

All authorisations, consents, approvals, resolutions, licences, exemptions, filings, notarisations or registrations required:

- (a) to enable it to enter into, exercise its rights and comply with its obligations under these Bond Terms or any other Finance Document to which it is a party; and
- (b) to carry on its business as presently conducted and as contemplated by these Bond Terms,

have been obtained or effected and are in full force and effect.

## **7.7 Litigation**

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

## **7.8 Financial Reports**

Its most recent Financial Reports fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with the Accounting Standard, consistently applied.

## **7.9 No Material Adverse Effect**

Since the date of the most recent Financial Reports, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

## **7.10 No misleading information**

Any factual information provided by it to the Bondholders or the Bond Trustee for the purposes of the issuance of the Bonds was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

## **7.11 No withholdings**

No Obligor is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under the Finance Documents.

## **7.12 Pari passu ranking**

Its payment obligations under these Bond Terms or any other Finance Document to which it is a party ranks as set out in Clause 2.4 (*Status of the Bonds*).

### **7.13 Security**

No Security exists over any of the present assets of any Parent Group Company in conflict with these Bond Terms.

## **8. PAYMENTS IN RESPECT OF THE BONDS**

### **8.1 Covenant to pay**

- (a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.
- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD on the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.
- (d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary has been set out for such payment in the relevant Finance Document.

### **8.2 Default interest**

- (a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus 3 percentage points per annum.
- (b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.
- (c) Upon the occurrence of a Listing Failure Event and for as long as such Listing Failure Event is continuing, the interest on any principal amount outstanding under these Bond Terms will accrue at the Interest Rate plus one (1) percentage point per annum.

### 8.3 Partial Payments

- (a) If the Paying Agent or the Bond Trustee receives a Partial Payment, such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:
  - (i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee (and any Security Agent);
  - (ii) secondly, towards accrued interest due but unpaid; and
  - (iii) thirdly, towards any other outstanding amounts due but unpaid under the Finance Documents.
- (b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders, shall, after the above mentioned deduction of outstanding fees, liabilities and expenses, be applied (i) firstly towards any principal amount due but unpaid and (ii) secondly, towards accrued interest due but unpaid, in the following situations;
  - (i) if the Bond Trustee has served a Default Notice in accordance with Clause 16.2 (*Acceleration of the Bonds*); or
  - (ii) if a resolution according to Clause 17 (*Bondholders' Decisions*) has been made.

### 8.4 Taxation

- (a) Each Obligor is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the Finance Documents.
- (b) The Obligors shall, if any tax is withheld in respect of the Bonds under the Finance Documents:
  - (i) gross up the amount of the payment due from it up to such amount which is necessary to ensure that the Bondholders or the Bond Trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required; and
  - (ii) at the request of the Bond Trustee, deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.
- (c) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.
- (d) The Bond Trustee shall not have any responsibility to obtain information about the Bondholders relevant for the tax obligations pursuant to these Bond Terms.

### 8.5 Currency

- (a) All amounts payable under the Finance Documents shall be payable in the Bond Currency. If, however, the Bond Currency differs from the currency of the bank account

connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.

- (b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within five (5) Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

## **8.6 Set-off and counterclaims**

No Obligor may apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document.

## **9. INTEREST**

### **9.1 Calculation of interest**

- (a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.
- (b) Any Additional Bond will accrue interest at the Interest Rate on the Nominal Amount commencing on the first date of the Interest Period in which the Additional Bonds are issued and thereafter in accordance with paragraph (a) above. For Tap Issues not falling on an Interest Payment Date, accrued interest will be calculated using standard market practice in the secondary bond market.
- (c) Interest shall be calculated on the basis of a 360-day year comprised of twelve (12) months of thirty (30) days each (30/360-days basis), unless:
  - (i) the last day in the relevant Interest Period is the 31<sup>st</sup> calendar day but the first day of that Interest Period is a day other than the 30<sup>th</sup> or the 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be shortened to a thirty (30)-day month; or
  - (ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a thirty (30)-day month.

### **9.2 Payment of interest**

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

## **10. REDEMPTION AND REPURCHASE OF BONDS**

### **10.1 Redemption of Bonds**

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 101.05 per cent. of the Nominal Amount.

### **10.2 Voluntary early redemption - Call Option**

- (a) The Issuer may redeem all or part of the Outstanding Bonds (the "**Call Option**") on any Business Day from and including:
  - (i) the Initial Issue Date to, but not including, the First Call Date at a price equal to the Make Whole Amount;
  - (ii) the First Call Date to, but not including, the Interest Payment Date in August 2028 at a price equal to 105.25 per cent. of the Nominal Amount for each redeemed Bond;
  - (iii) Interest Payment Date in August 2028 to, but not including, the Interest Payment Date in February 2029 at a price equal to 104.20 per cent. of the Nominal Amount for each redeemed Bond;
  - (iv) Interest Payment Date in February 2029 to, but not including, the Interest Payment Date in August 2029 at a price equal to 103.15 per cent. of the Nominal Amount for each redeemed Bond;
  - (v) Interest Payment Date in August 2029 to, but not including, the Interest Payment Date in February 2030 at a price equal to 102.10 per cent. of the Nominal Amount for each redeemed Bond; and
  - (vi) the Interest Payment Date in February 2030 to, but not including, the Maturity Date at a price equal to 101.05 per cent. of the Nominal Amount for each redeemed Bond.
- (b) Any redemption of Bonds pursuant to paragraph (a) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date (and not based on the date the Call Option was exercised by issue of notice), and shall include accrued but unpaid interest on the redeemed Bonds.
- (c) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders at least ten (10) Business Days prior to the proposed Call Option Repayment Date and shall specify the Call Option Repayment Date. Such notice sent by the Issuer is irrevocable, but may, at the Issuer's discretion, be subject to the satisfaction of certain conditions precedent, to be satisfied or waived no later than three (3) Business Days prior to the Call Option Repayment Date. If such conditions precedent have not been satisfied or waived by that date, the notice shall be null and void.
- (d) Unless the Make Whole Amount is set out in the written notice where the Issuer exercises the Call Option, the Issuer shall calculate the Make Whole Amount and provide such calculation by written notice to the Bond Trustee as soon as possible and at the latest within three (3) Business Days from the date of the notice.

- (e) Any Call Option exercised in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.

### 10.3 **Mandatory repurchase due to a Put Option Event**

- (a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "**Put Option**") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101.00 per cent. of the Nominal Amount (plus accrued and unpaid interest on the repurchased Bonds).
- (b) The Put Option must be exercised within fifteen (15) Business Days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.2 (*Put Option Event*). Once notified, the Bondholders' right to exercise the Put Option is irrevocable.
- (c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the fifth (5<sup>th</sup>) Business Day after the end of fifteen (15) Business Days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Repayment Date.
- (d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3, the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than ten (10) Business Days after the Put Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.

### 10.4 **Early redemption option due to a tax event**

If the Issuer is required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least twenty (20) Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than forty (40) Business Days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

### 10.5 **Mandatory early redemption due to an Insurance Event**

- (a) Upon an Insurance Event, the Issuer shall:
  - (i) promptly notify the Bond Trustee in writing thereof; and
  - (ii) ensure that, in respect of any payments received by an Issuer Group Company under the Insurances in respect of any Insurance Event (each such received payment, an "**Insurance Proceeds**"), any such Insurance Proceeds (the amount of which is referred to as the "**Unused Insurance Proceeds Amount**") which is not used (including amounts designated for payments under contracts already entered

into) for repair or replacement of the asset(s) subject to the Insurance Event within twelve (12) months after receipt thereof (the last day of such twelve (12)-month period being the "**Insurance Proceeds Reinvestment Long-Stop Date**") shall be used for redemption of Bonds at a price of 100 per cent. of the Nominal Amount (together with all accrued and unpaid interest on the Bonds).

- (b) The redemption shall be made in respect of a number of Bonds with an aggregate Nominal Amount equal to the Unused Insurance Proceeds Amount, provided that if the Unused Insurance Proceeds Amount is less than GBP 1,000,000, no redemption shall be made. The redemption shall take place no later than fifteen (15) Business Days after the Insurance Proceeds Reinvestment Long-Stop Date.
- (c) Any redemption in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.

## **11. PURCHASE AND TRANSFER OF BONDS**

### **11.1 Issuer's purchase of Bonds**

The Issuer or the Parent may purchase and hold Bonds and such Bonds may be retained or sold, but not cancelled, in the Issuer's sole discretion, including with respect to Bonds purchased pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

### **11.2 Restrictions**

- (a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible for ensuring compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

## **12. INFORMATION UNDERTAKINGS**

### **12.1 Financial Reports and Management Reports**

- (a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than four (4) months after the end of the relevant financial year.
- (b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than two (2) months after the end of the relevant interim period.

- (c) The Issuer shall, without being requested to do so, prepare and deliver (as applicable) to the Bond Trustee, no later than two (2) months after the end of each financial quarter, a management report (the "**Management Report**") which shall:
  - (i) detail the progress of the completion of the Port Clarence Project and performance against the budget and timeline for its completion;
  - (ii) for each of the Drakelow Plant and, following the Port Clarence Completion Date, the Port Clarence Plant, detail, in each case on a monthly basis for the last six months: (A) data on total production (kWh) and the consumption of feed-stock (waste material), (B) average prices achieved for sold electricity and refuse-derived fuels, (C) operational expenditures, and (D) capital expenditures; and
  - (iii) for each financial quarter ending 31 March or 30 September, include the unaudited consolidated quarterly financial statements, consisting of the cash-flow statement, the profit and loss account and balance sheet of the Issuer and the Parent for the relevant financial quarter. The Bond Trustee may make such Management Reports available to the Bondholders.
- (d) The Issuer shall, without being requested to do so, prepare and deliver to the Bond Trustee, in connection with the publication of its Financial Reports pursuant to Clause 12.1 (*Financial Reports and Management Reports*) and/or the delivery of the Management Reports, a Compliance Certificate with a copy of the Financial Reports attached thereto. The Compliance Certificate shall be duly signed by the chief executive officer or the chief financial officer of the Parent, certifying inter alia that the Financial Reports fairly represent its financial condition as at the date of the relevant Financial Report, and setting out (in reasonable detail) computations evidencing compliance with Clause 14.23 (*Financial covenants*) as at such date (and the Bond Trustee may make such Compliance Certificates available to the Bondholders).
- (e) The Issuer shall procure that the Financial Reports delivered pursuant to Clause 12.1 (*Financial Reports and Management Reports*) are prepared using the Accounting Standard consistently applied.

## **12.2 Put Option Event**

The Issuer shall promptly inform the Bond Trustee in writing after becoming aware that a Put Option Event has occurred.

## **12.3 Listing Failure Event**

The Issuer shall promptly inform the Bond Trustee in writing if a Listing Failure Event has occurred. However, no Event of Default shall occur if the Issuer fails (i) to list the Bonds in accordance with Clause 4 (*Admission to Listing*) or (ii) to inform of such Listing Failure Event, and such failure shall result in the accrual of default interest in accordance with paragraph (c) of Clause 8.2 (*Default interest*) for as long as such Listing Failure Event is continuing.

## **12.4 Insurance Event**

The Issuer shall promptly inform the Bond Trustee in writing after becoming aware that an Insurance Event has occurred.



## 12.5 Information: Miscellaneous

The Issuer shall:

- (a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default and the steps, if any, being taken to remedy it;
- (b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);
- (c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (d) if the Bonds are listed on an Exchange, send a copy to the Bond Trustee of its notices to the Exchange;
- (e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;
- (f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD;
- (g) within a reasonable time, provide such information about the Issuer's and the other Parent Group's business, assets and financial condition as the Bond Trustee may reasonably request;
- (h) without being requested to do so, promptly:
  - (i) prepare and deliver to the Bond Trustee, for further circulation to the Bondholders who have requested to receive copies from the Bond Trustee, a completed SFDR Reporting Schedule, substantially in the form set out in Attachment 3 hereto (*SFDR Reporting Schedule*), within ninety (90) calendar days after each financial year-end of the Parent and in respect of that Financial Year (the first time being with respect to the financial year ending in 2025);
  - (ii) notify the Technical Advisor of any event or circumstance requiring a material amendment to the Port Clarence Financial Model and/or the Port Clarence Construction Plan in order for such documents to accurately and adequately constitute a plan and budget for the completion of the Port Clarence Project, including any event or circumstance resulting in an increase in the Port Clarence Project Costs and/or a delay in the Port Clarence Completion Date (as compared to the initial Port Clarence Construction Plan); and
  - (iii) notify the Technical Advisor of any material waiver, change, or amendment to any Port Clarence Project Document, or any termination, supplement, or replacement of a Port Clarence Project Document.

### **13. ISSUER'S GENERAL UNDERTAKINGS**

During the term of the Bonds, the Issuer undertakes to (and shall, where applicable, procure that the other Issuer Group Companies will) comply with the undertakings set forth in this Clause 13.

#### **13.1 Authorisations**

The Issuer shall, and shall procure that each other Issuer Group Company will, in all material respects obtain, maintain and comply with the terms of any authorisation, approval, licence and consent required for the conduct of its business as carried out from time to time, if a failure to do so would have Material Adverse Effect.

#### **13.2 Compliance with laws**

The Issuer shall, and shall procure that each other Issuer Group Company will, comply in all material respects with all laws and regulations to which it may be subject from time to time (including any environmental laws and regulations).

#### **13.3 Continuation of business**

The Issuer shall procure that no material change is made to the general nature of the business of the Issuer Group from that carried on by and otherwise contemplated by the Issuer Group at the Initial Issue Date.

#### **13.4 Corporate status**

The Issuer shall no later than the date falling six (6) months after the Initial Issue Date complete its corporate conversion into a public limited company. Otherwise, the Issuer shall not change its type of organization or its jurisdiction of incorporation.

#### **13.5 Mergers and de-mergers**

- (a) The Issuer shall not, and shall procure that no other Issuer Group Company will, carry out:
  - (i) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any other Issuer Group Company or Obligor with any other person other than with an Issuer Group Company or Obligor (other than the Parent); or
  - (ii) any demerger or other corporate reorganisation having the same or equivalent effect as a demerger involving the Issuer or any Issuer Group Company, unless in each case it is a Permitted Transaction and does not have a Material Adverse Effect, and provided that:
    - (A) in a merger involving the Drakelow Plant Owner, Vital Energi (Drakelow Property) Limited or the Port Clarence Plant Owner, each such company shall be the surviving entity;
    - (B) neither the Drakelow Plant Owner, Vital Energi (Drakelow Property) Limited nor the Port Clarence Plant Owner shall merge with any person not being an Obligor and shall in each case be the surviving entity in such merger;

- (C) in any merger involving a Guarantor, the merged entity shall continue to be or immediately become (as relevant) a Guarantor;
- (D) in any merger involving an Issuer Group Company whose shares are subject to Transaction Security, the shares of the merged entity (which are owned by a Parent Group Company) shall be or immediately become (as relevant) subject to Transaction Security;
- (E) the Issuer shall not be the subject of any merger;
- (F) the Issuer shall ensure that (i) any asset subject to Transaction Security immediately prior to a merger shall be and remain subject to the same or substantially similar Transaction Security after the merger, and (ii) that, in respect of any new or additional Guarantor or Transaction Security, the Bond Trustee shall receive such corporate and other formal documentation as the Bond Trustee may reasonably require, provided it is proportionate and in line with usual market practice (including, at the cost of the Issuer, such legal opinions as are customary in such circumstances); and
- (G) in respect of any de-merger involving a distribution of the assets of an Issuer Group Company: (i) such assets shall be distributed to another Issuer Group Company in a proportion not less than the relative direct or indirect ownership interest of the Issuer in that Issuer Group Company, and (ii) if the assets of a Guarantor are distributed to an Issuer Group Company that is not already a Guarantor, such receiving Issuer Group Company shall immediately become a Guarantor.

### **13.6 Arm's length transactions**

The Issuer shall not engage in, or permit any other Issuer Group Company to engage in, directly or indirectly, in any transaction with any party (including without limitation, the purchase, sale or exchange of assets or the rendering of any service), except on an arm's length basis. Any sale of assets from an Issuer Group Company to the Parent Group Company (which is not an Issuer Group Company) shall be for cash only.

### **13.7 Pari passu ranking**

The Issuer shall ensure that its obligations under these Bond Terms and any other Finance Document at all times rank at least pari passu as set out in Clause 2.4 (*Status of the Bonds*) above.

## **14. ISSUER'S SPECIAL UNDERTAKINGS**

During the term of the Bonds, the Issuer undertakes to (and shall, where applicable, procure that the other Issuer Group Companies will) comply with the undertakings set forth in this Clause 14.

### *General:*

#### **14.1 Dividend restrictions**

The Issuer shall not, and shall ensure that no other Issuer Group Company will, make any Distributions other than a Permitted Distribution.

**14.2 Subsidiaries' Distributions**

The Issuer shall not permit any Guarantor (other than the Parent) to create or permit to exist any contractual obligation (or encumbrance) that restricts the right of any Issuer Group Company to:

- (a) pay dividends or make other Distributions to its shareholders;
- (b) service any Financial Indebtedness owed to the Issuer;
- (c) make any loans to the Issuer; or
- (d) transfer any of its assets or properties to the Issuer,

other than where such contractual obligation or encumbrance is not likely to prevent the Issuer from complying with its payment obligations under the Finance Documents.

**14.3 Disposals**

The Issuer shall not, and shall procure that no other Issuer Group Company will, make any Disposal other than a Permitted Disposal. If a material asset of a Guarantor (other than the Parent) is sold or transferred to an Issuer Group Company that is not a Guarantor, the acquiring Issuer Group Company shall become an additional Guarantor in respect of the Bonds no later than ten (10) Business Days after completion of the sale or transfer.

**14.4 Maintenance of ownership**

The Issuer shall ensure that (i) it directly or indirectly owns and controls 100 per cent of the shares and voting rights in each Guarantor (other than the Parent), provided that (A) in respect of Vital Energi Generation Limited, the Issuer shall directly own and control at least 75 per cent of the shares and voting rights, (B) Vital Energi Generation Limited shall directly own and control 100 per cent of the shares and voting rights in the Drakelow Plant Owner and Vital Energi (Drakelow Property) Limited, and (C) CEP Teesside Biomass Limited shall own and control 100 per cent of the shares and voting rights in the Port Clarence Plant Owner; (ii) the Drakelow Plant Owner shall directly own and be the contracting party (as relevant) in respect of the Drakelow Assets; and (iii) the Port Clarence Plant Owner shall directly own and be the contracting party (as relevant) in respect of the Port Clarence Assets.

**14.5 Financial Indebtedness**

The Issuer shall not, and shall ensure that no other Issuer Group Company shall, incur, create or permit to subsist any Financial Indebtedness other than Permitted Financial Indebtedness.

**14.6 Negative pledge**

The Issuer shall not, and shall ensure that no other Issuer Group Company will, create or permit to subsist, retain, provide, prolong or renew any Security over any of its/their assets (whether present or future), other than Permitted Security.

**14.7 Financial Support restrictions and restrictions on acquisition of minority shareholdings**

The Issuer shall not, and shall ensure that no other Issuer Group Company will, grant or permit to subsist any Financial Support to, or for the benefit of, any member of the Parent Group (other than any Issuer Group Company) or any third party, except for Permitted Financial Support.

#### 14.8 Acquisitions

The Issuer shall not, and shall ensure that no Issuer Group Company will, acquire (whether through subscription or otherwise) shares or other ownership interests in, or acquire all or substantially all of the assets of, any person who is not already an Issuer Group Company, for as long as an Event of Default is continuing or if such acquisition would otherwise cause an Event of Default.

#### 14.9 Assets

The Issuer shall, and shall ensure that each Issuer Group Company will, maintain good and valid title to its assets and keep its assets in a state of repair in line with Good Industry Practice.

#### 14.10 Designation of Material Subsidiaries

(a) The Issuer shall, together with the delivery of each of its Financial Reports, nominate as "Material Subsidiaries" (each, a "**Material Subsidiary**"):

- (i) any Issuer Group Company whose EBITDA equals or exceeds 5 per cent of the Issuer Group's consolidated EBITDA for at least two (2) consecutive financial quarters; and
- (ii) any Issuer Group Companies necessary to ensure that the aggregate EBITDA and book value of gross assets of all Guarantors exceed 85 per cent of the consolidated EBITDA and book value of the gross assets of the Issuer Group,

(collectively, the "**Guarantor Coverage Test**")

in each case calculated on an unconsolidated basis and excluding any intra-Group items and investments in Subsidiaries. The names of all Material Subsidiaries and the calculation (including the basis thereof) of the Guarantor Coverage Test shall be set out in the Compliance Certificate to be delivered together with the Financial Reports.

- (b) For the purpose of determining the Material Subsidiaries, gross assets (book value) and EBITDA shall be calculated by reference to the most recent Financial Report.
- (c) The Issuer shall ensure that any new Material Subsidiary accedes as a Guarantor by executing a Guarantee no later than forty (40) Business Days after its nomination pursuant to paragraph (a), and that, within the same period, the Bond Trustee receives, in form and substance satisfactory to it, all formalities documentation as the Bond Trustee may request, including corporate and constitutional documents and legal opinions (at the Issuer's cost).
- (d) The Issuer may separately re-designate any entity that is no longer required to be designated as a Material Subsidiary in order to satisfy the Guarantor Coverage Test, provided that such re-designation occurs no more than once per financial year (in addition to the annual nomination under paragraph (a) above), and that calculations are based on the latest Financial Report (and provided that any Issuer Group Company which has been re-designated and is no longer being a Guarantor shall still be included in the calculation of the Guarantor Coverage Test).

#### 14.11 Insurances

- (a) The Issuer shall take out and maintain (or procure that the same is taken out and maintained) adequate insurance ("**Insurances**") with respect to its assets, operations, liabilities and contingencies (including in respect of the Drakelow Plant and the Port Clarence Plant, and the associated planning, construction, completion and operation), including third-party liability insurance (or a similar insurance package), in each case on terms and against risks typically insured against by prudent owners of comparable assets and projects.
- (b) The Issuer shall not do, and shall ensure that no other Obligor does or knowingly permits to be done, anything that may render any Insurance void, voidable, unavailable or unenforceable, or result in any sums payable under such Insurance becoming repayable in whole or in part. The Issuer shall promptly pay all premiums, calls and contributions due, and shall do all other things necessary to keep each Insurance taken out by or for it in full force and effect. Neither the Bond Trustee nor any Bondholder shall have any liability for the payment of premiums or any other amounts due in respect of any Insurance. If the Issuer fails to pay any such costs, the Bond Trustee may, at its sole discretion, pay them, and the Issuer shall immediately reimburse the Bond Trustee for the full cost of such Insurance.
- (c) The Issuer shall ensure that any Insurances required to be effected and maintained in accordance with the Finance Documents:
  - (i) are at all times the subject of a broker's letter of undertaking duly executed and delivered to the Bond Trustee and in full force and effect; and
  - (ii) attach endorsements substantially in the form attached to the broker's letter of undertaking delivered pursuant to paragraph (c)(ii) of Clause 6.5 (*Conditions subsequent*) (unless such Insurance is a group level insurance policy).

#### 14.12 Hedging

The Issuer shall, and shall procure that each other Issuer Group Company will, only enter into transactions for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the Issuer Group, for a period not exceeding twelve (12) months and not for speculative purposes, including spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes.

#### 14.13 Anti-corruption and sanctions

The Issuer shall, and shall procure that each other Issuer Group Company will (i) ensure that no proceeds from the Bond Issue are used, directly or indirectly, for any purpose that would breach any applicable acts, regulations, or laws relating to bribery, corruption, or similar matters, (ii) conduct its business and maintain policies and procedures in compliance with applicable anti-corruption laws, and (iii) not fund any payment derived from proceeds delivered directly from transactions with a restricted/sanctioned party. The Issuer shall not, and shall ensure that neither the Parent or any other Issuer Group Company will, engage in any conduct prohibited by any sanctions applicable to any such company.

#### **14.14 Insolvency jurisdiction**

The Issuer shall not, and shall ensure that neither the Parent nor any other Issuer Group Company will, take any action whereby the main insolvency proceedings related to it would take place in a jurisdiction other than its jurisdiction of incorporation.

*In particular with respect to the Drakelow Plant and the Port Clarence Plant:*

#### **14.15 Operation, maintenance and completion**

The Issuer shall ensure the diligent development, construction, completion, operation, and maintenance (as applicable) of each of the Drakelow Plant and the Port Clarence Project in a safe, efficient, and business-like manner, and in accordance with each Drakelow Plant Project Document, Port Clarence Project Document, the Finance Documents, and Good Industry Practice.

#### **14.16 Port Clarence Project**

The Issuer shall (i) ensure that the development, construction, and completion of the Port Clarence Project are materially in line with the Port Clarence Construction Plan and the Port Clarence Financial Model, and (ii) ensure that (A) all projected costs related to the development, construction, and completion of the Port Clarence Project are included in the Port Clarence Financial Model, and (B) all material matters relevant to the construction of the Port Clarence Project are included in the Port Clarence Construction Plan, in each case from time to time (to the extent changes and amendments are permitted herein).

#### **14.17 Port Clarence Project Documents**

The Issuer shall ensure that the Port Clarence Plant Owner (and each other relevant Issuer Group Company, if applicable) shall:

- (a) perform and observe all of its material covenants and agreements contained in each Port Clarence Project Document and Port Clarence Property Document in effect from time to time;
- (b) not agree to, and shall take all reasonably necessary actions to prevent, the termination or cancellation of any Port Clarence Project Document (other than by expiration of its term);
- (c) take all actions reasonably necessary to promptly enforce its rights and collect all sums due under the Port Clarence Project Documents;
- (d) not assign, transfer, or otherwise dispose of any part of its interest in any Port Clarence Project Document;
- (e) not waive any default or breach thereof;
- (f) not materially amend, supplement, modify, grant any consent, or exercise any option thereunder; and/or
- (g) not breach or otherwise default under any such document, or take any action likely to result in a material breach or default,

except, in each case, to the extent any such action or omission (in non-compliance with any of the above) would not:

(1)

- (A) (i) have a material adverse impact on the development, completion, or operation of the Port Clarence Project, or (ii) change the Port Clarence Project in any material way, in each case as compared to the description set out in the initial Port Clarence Project Documents and the Port Clarence Construction Plan; or
- (B) in the case where the event or circumstance results in the termination or cancellation of a Port Clarence Project Document, such Port Clarence Project Document is (i) replaced within ninety (90) calendar days, and (ii) the replacement Port Clarence Project Document: (x) contains terms that would have been permissible for the terminated document under the provisions herein; (y) is not on less favourable terms than the terminated document, unless the Issuer has used reasonable endeavours to obtain terms that are no less favourable; and (z) is entered into with a counterparty that is substantially equal in standing, competence, and financial strength to the previous counterparty; or
- (C) result in adverse financial performance of the Port Clarence Plant (as compared to the initial Port Clarence Financial Model) or otherwise have a Material Adverse Effect,

and

- (2) result in the Cost-to-Complete Test not being satisfied immediately after such action or omission is made.

#### **14.18 Changes to the Port Clarence Construction Plan**

- (a) The Issuer shall promptly notify the Bond Trustee and the Technical Advisor of any material changes that need to be made to the Port Clarence Construction Plan which, either independently or together with all other changes to the Port Clarence Construction Plan, may result in any delay of the Port Clarence Completion Date by more than ninety (90) calendar days (as compared to the initial Port Clarence Construction Plan delivered as a Pre-Settlement Conditions Precedent), and the Issuer shall, prior to making any such material changes to the Port Clarence Construction Plan, send to the Bond Trustee and the Technical Advisor a Company Certificate describing in reasonable detail:
  - (i) the nature of the potential change to the Port Clarence Construction Plan;
  - (ii) the cost implication to the Port Clarence Financial Model of such change;
  - (iii) the time implication of such change; and
  - (iv) how the change will be financed (if applicable).



- (b) The Issuer shall be permitted to implement such a change to the Port Clarence Construction Plan provided that (i) the Cost-to-Complete Test will continue to be satisfied, which shall be detailed and confirmed in the Company Certificate, and (ii) the Technical Advisor confirms, by countersigning the Company Certificate, that the requirements for the changes to the Port Clarence Construction Plan are satisfied.

#### **14.19 Changes to the Port Clarence Financial Model**

- (a) The Issuer shall promptly notify the Bond Trustee and the Technical Advisor of any changes to the Port Clarence Financial Model which may result in any material increase in total Port Clarence Project Costs, and which, together with previous increases (if any, and which are not already covered in a previous Company Certificate relating to a permitted change to the Port Clarence Financial Model), result in an aggregate increase of the Port Clarence Project Costs of GBP 1,000,000 (or the equivalent in other currencies) or more. The Issuer shall, prior to making any such change to the Port Clarence Financial Model, send to the Bond Trustee and the Technical Advisor a Company Certificate describing in reasonable detail:
  - (i) the nature of the budget increase;
  - (ii) the cost implication to the Port Clarence Financial Model of such change;
  - (iii) the time implication of such change (if any); and
  - (iv) how the change will be financed (if applicable).
- (b) The Issuer shall be permitted to implement such a change to the Port Clarence Financial Model provided that (i) the Cost-to-Complete Test will continue to be satisfied, which shall be detailed and confirmed in the Company Certificate, and (ii) the Technical Advisor confirms, by countersigning the Company Certificate, that the requirements for the changes to the Port Clarence Financial Model are satisfied.

#### **14.20 Drakelow Plant Project Documents and shareholders' agreement**

The Issuer shall ensure that (i) no substantial amendment to, or termination of, any Drakelow Plant Project Document which would have a material adverse impact on the operations or financial performance of the Drakelow Plant is made or occurs (other than the Drakelow Leases Variation Agreements and the variations to the Drakelow O&M Agreement and the Drakelow EPC Agreement on the terms agreed prior to the Initial Issue Date), and (ii) no amendments are made to the shareholders' agreement for Vital Energi Generation Limited that could negatively impact the charge over the Issuer's shares in Vital Energi Generation Limited or otherwise in any way which could be detrimental to the interests of the Bondholders.

#### **14.21 Authorisations and access to land**

The Issuer shall, and shall procure that the Drakelow Plant Owner, the Port Clarence Plant Owner, and each other Guarantor will, in all material respects, obtain, maintain, and comply with the terms of any authorisation, approval, licence, or consent required for the conduct of their business as carried out from time to time (including for the completion of the Port Clarence Plant). The Drakelow Plant Owner and the Port Clarence Plant Owner shall each hold and maintain all rights necessary to ensure that, at all times, they possess the land use rights required to develop, construct, complete, operate, and maintain the Drakelow Plant and the

Port Clarence Plant, respectively, as well as to carry out the business activities contemplated in respect thereof.

#### 14.22 Technical Advisor

- (a) The Issuer shall, unless the Bond Trustee appoints a replacement Technical Advisor, maintain the appointment of the Technical Advisor until the Port Clarence Completion Date and shall not make any material amendments to the engagement terms of the Technical Advisor without the consent of the Bond Trustee. The Issuer may replace the Technical Advisor with a new technical advisor approved by the Bond Trustee (and the terms hereof shall apply to such new Technical Advisor). The Issuer shall provide the Bond Trustee with a copy of the engagement terms for the Technical Advisor.
- (b) The engagement shall last until the Technical Advisor issues the Port Clarence Completion Confirmation, and the Technical Advisor's scope of work shall be governed by a separate agreement between the Issuer and the Technical Advisor. The Technical Advisor shall, inter alia, (i) review and/or monitor the Port Clarence Construction Plan and the Port Clarence Financial Model, (ii) countersign the Issuer's requests for drawdowns from the Escrow Account, (iii) review any progress reports from the Issuer, and (iv) verify that the Port Clarence Completion Conditions have been satisfied by issuing the Port Clarence Completion Confirmation.
- (c) Reports and confirmations provided by the Technical Advisor to the Bond Trustee shall be provided to the Bond Trustee on a full reliance basis, and the Technical Advisor shall have the same level of care towards the Bond Trustee as if the Bond Trustee were the client of the Technical Advisor.
- (d) The Bond Trustee may only replace the Technical Advisor if the Technical Advisor appointed by the Issuer fails to fulfil its obligations under the engagement terms, fails to carry out its duties as set out herein, or if the Bond Trustee otherwise has reasonable cause to do so. The Bond Trustee shall also have the right to replace or supplement the Technical Advisor with a technical advisor appointed by the Bond Trustee (at the cost of the Issuer), and such replacement technical advisor shall constitute a Technical Advisor for the purpose of these Bond Terms. The Issuer shall ensure that any replacement Technical Advisor is promptly provided with all documentation and information regarding the Port Clarence Plant that it requires.
- (e) The Issuer shall, promptly and at the request of the Bond Trustee from time to time, provide (and facilitate) access to the Bond Trustee and the Technical Advisor (and any of their representatives) (each a "**Relevant Person**") to the site for general inspections to monitor and verify the development and operation of the Port Clarence Plant. The Issuer shall ensure that each Relevant Person shall be able to review all documents on the site and interview all employees and representatives of the Issuer, and the Issuer shall, for that purpose, provide all necessary instructions to the relevant employees and representatives to cooperate in full with the Relevant Person on all matters related to the Port Clarence Plant.

- (f) Any confirmations or reports from the Technical Advisor may be subject to such assumptions and qualifications as the Technical Advisor shall reasonably request.

#### 14.23 Financial covenants

The Issuer shall procure that the Parent comply with the following financial covenants:

- (a) **Minimum liquidity:** The aggregate (on a consolidated basis) of the unrestricted and freely available Cash and Cash Equivalents of the Parent Group shall not be less than GBP 20,000,000 at all times up to and excluding 13 August 2029, and thereafter not less than an amount equivalent to six (6)-months Interest on any Interest Payment Date thereafter.
- (b) **Interest Cover Ratio:** The Interest Cover Ratio in respect of any Relevant Period specified in column 1 shall not be less than the ratio set out in column 2 below opposite that Relevant Period:

<b>Column 1 Relevant Period:</b>	<b>Column 2 Ratio:</b>
Relevant Period expiring 31 December 2027	1.25x
Relevant Period expiring 31 March 2028	1.50x
Relevant Period expiring 30 June 2028	1.50x
Relevant Period expiring 30 September 2028	1.75x
Relevant Period expiring on or after 30 December 2028 to and including 31 December 2029	2.00x
Relevant Period expiring 31 March 2030 and thereafter	2.25x

and provided that (i) the Interest Cover Ratio for the Relevant Period expiring 31 December 2027 shall be based on the EBITDA and the Net Interest Payable for the period of six (6) months ending on that date, and (ii) the Interest Cover Ratio for the Relevant Period expiring 31 March 2028 shall be based on (A) the EBITDA and the Net Interest Payable for a period of nine (9) months ending on that date and (B) not the paid or payable interest for that period, but only interest accrued during that period.

- (c) The financial covenants in this Clause 14.23 shall be calculated on a consolidated basis for the Parent Group, and compliance with the financial covenants shall be measured on the relevant Reporting Dates and certified by the Issuer by the delivery to the Bond Trustee of a Compliance Certificate, setting out such compliance in reasonable detail, together with the delivery of each Financial Report and/or Management Report.

#### 14.24 Equity Cure

- (a) If the Issuer fails (or would otherwise fail) to comply with the Interest Cover Ratio in respect to any Relevant Period, and the Parent receives net cash proceeds from its shareholders in the form of (i) new cash equity or (ii) a subordinated loan (on terms similar to a Subordinated Loan) (collectively a "**Cure Amount**") within twenty (20) Business Days of the date on which the relevant Financial Report and/or Management Report is due, then the Interest Cover Ratio shall be recalculated on the basis that the Cure Amount so received shall be deemed to increase EBITDA with a corresponding amount on the last day of the relevant calculation period (the "**Relevant Increase Date**") - and where the Cure Amount shall increase the EBITDA similarly for any calculation of EBITDA during a Relevant Period in respect of which the EBITDA for the period up

to the Relevant Increase Date is included.

- (b) If, after the Interest Cover Ratio is recalculated as set out above, the breach has been remedied, the Interest Cover Ratio shall be deemed to have been satisfied on the relevant Reporting Date. Only two cures may be made for the purposes set out in this provision during the term of the Bonds and not in respect of consecutive Relevant Periods.

## **15. PARENT'S UNDERTAKINGS**

During the term of the Bonds, the Parent undertakes to (and shall, where applicable, procure that the Parent and each Parent Group Company will) comply with the following additional undertakings set forth in this Clause 15.

### **15.1 Dividend restrictions**

The Parent shall not, and shall ensure that no other Parent Group Company will, make any Distributions other than a Permitted Distribution.

### **15.2 Arm's length transactions**

The Parent shall not engage in, and shall ensure that no other Parent Group Company engages in, directly or indirectly, any material transaction with any third party (including, without limitation, the purchase, sale or exchange of assets or the provision of any service), except on an arm's length basis.

### **15.3 Compliance with laws**

The Parent shall, and shall ensure that each other Parent Group Company does, comply in all material respects with all applicable laws and regulations from time to time (including, without limitation, environmental laws and regulations).

### **15.4 Continuation of business and permitted expansion**

The Parent shall, and shall ensure that each other Parent Group Company does, procure that no material change is made to the general nature of the business of the Parent Group from that carried on, and otherwise contemplated, by the Parent Group as at the Initial Issue Date, being operations in the energy sector within the UK, the Channel Islands, and the Isle of Man, including the provision of low-carbon and renewable energy solutions. Notwithstanding the foregoing, the Parent Group may develop, expand into or undertake business activities that are complementary to, related to, or a logical extension of its existing business, provided that such activities do not result in a fundamental or material deviation from the core nature of its operations.

### **15.5 Maintenance of ownership**

The Parent shall at all times be the direct or indirect holder of all ownership interests in the Issuer.

### **15.6 Anti-corruption and sanctions**

The Parent shall, and shall procure that each other Parent Group Company will (a) conduct its business and maintain policies and procedures in compliance with applicable anti-corruption laws, and (b) not fund any payment derived directly from proceeds of transactions with a restricted or sanctioned party. The Parent shall not, and shall ensure that no other Parent Group

Company will, engage in any conduct prohibited by any sanctions applicable to any Parent Group Company.

## **16. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS**

### **16.1 Events of Default**

Each of the events or circumstances (i) set out in this Clause 16.1 and (ii) otherwise designated as an Event of Default in the Finance Documents, shall in each case constitute an Event of Default:

#### *(a) Non-payment*

An Issuer Group Company or the Parent fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

- (i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within five (5) Business Days following the original due date; or
- (ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within five (5) Business Days following the original due date.

#### *(b) Breach of other obligations*

An Issuer Group Company or the Parent does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within twenty (20) Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee.

#### *(c) Misrepresentation*

Any representation, warranty or statement (including statements in Compliance Certificates) made by an Issuer Group Company or the Parent under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made.

#### *(d) Cross default*

If for any Issuer Group Company or the Parent:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or

- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total of GBP 5,000,000 (or the equivalent thereof in any other currency).

(e) *Insolvency and insolvency proceedings*

An Issuer Group Company or the Parent:

- (i) is Insolvent; or
- (ii) is object of any corporate action or any legal proceedings is taken in relation to:
  - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganisation; or
  - (B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its obligations under these Bond Terms; or
  - (C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
  - (D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph 16.1 (d) (*Cross default*) above; or
  - (E) for paragraphs (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company.

However, this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty (20) Business Days of commencement.

(f) *Creditor's process*

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of an Issuer Group Company or the Parent having an aggregate value exceeding the threshold amount set out in paragraph (d) (*Cross default*) above and is not discharged within twenty (20) Business Days.

(g) *Unlawfulness*

It is or becomes unlawful for an Issuer Group Company or the Parent to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

- (i) the ability of such an Issuer Group Company or the Parent to perform its obligations under these Bond Terms; or
- (ii) the ability of the Bond Trustee or any Security Agent (if another than the Bond Trustee) to exercise any material right or power vested to it under the Finance Documents.

**16.2 Acceleration of the Bonds**

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 16.3 (*Bondholders' instructions*) below, by serving a Default Notice to the Issuer:

- (a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or
- (b) exercise (or direct the Security Agent to exercise) any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

**16.3 Bondholders' instructions**

The Bond Trustee shall serve a Default Notice pursuant to Clause 16.2 (*Acceleration of the Bonds*) if:

- (a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or
- (b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

**16.4 Calculation of claim**

The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the call prices set out in Clause 10.2 (*Voluntary early redemption – Call Option*), as applicable at the following dates (and regardless of the Default Repayment Date):

- (a) for any Event of Default arising out of a breach of Clause 16.1 (*Events of Default*) paragraph (a) (*Non-payment*), the claim will be calculated at the call price applicable at the date when such Event of Default occurred; and

- (b) for any other Event of Default, the claim will be calculated at the call price applicable at the date when the Default Notice was served by the Bond Trustee.

However, if the situations described in paragraph (a) or (b) above takes place prior to the First Call Date, the calculation shall be based on the call price applicable on the First Call Date.

## **17. BONDHOLDERS' DECISIONS**

### **17.1 Authority of the Bondholders' Meeting**

- (a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- (b) The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- (c) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- (d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 18.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.
- (e) At least 50 per cent of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.
- (f) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (g) below.
- (g) Save for any amendments or waivers which can be made without resolution pursuant to paragraph (a), (i) and (ii) of Clause 19.1 (*Procedure for amendments and waivers*), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of these Bond Terms.

### **17.2 Procedure for arranging a Bondholders' Meeting**

- (a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:
  - (i) the Issuer;
  - (ii) Bondholders representing at least 1/10 of the Voting Bonds;
  - (iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or
  - (iv) the Bond Trustee.



The request shall clearly state the matters to be discussed and resolved.

- (b) If the Bond Trustee has not convened a Bondholders' Meeting within ten (10) Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the requesting party may call the Bondholders' Meeting itself.
- (c) Summons to a Bondholders' Meeting must be sent no later than ten (10) Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).
- (d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.
- (e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.
- (f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).
- (g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting (the Bond Trustee or such other representative, the "**Chairperson**").
- (h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders' Meeting (each a "**Representative**"). The Chairperson may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt regarding whether a person is a Representative or entitled to vote, the Chairperson will decide who may attend the Bondholders' Meeting and exercise voting rights.
- (i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve to exclude the Issuer's Representatives and/or any

person holding only Issuer's Bonds (or any representative of such person) from participating in the meeting at certain times, however, the Issuer's Representative and any such other person shall have the right to be present during the voting.

- (j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the Chairperson. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the Chairperson and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.
- (k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).
- (l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

### **17.3 Voting rules**

- (a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.
- (b) Issuer's Bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.
- (c) For the purposes of this Clause 17, a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.
- (d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.

### **17.4 Repeated Bondholders' Meeting**

- (a) Even if the necessary quorum set out in paragraph (e) of Clause 17.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial Bondholders' Meeting may, within ten (10) Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.

- (b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 17.1 (*Authority of the Bondholders' Meeting*), Clause 17.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 17.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the quorum requirements set out in paragraph (e) of Clause 17.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.
- (c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 17.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 17.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

## 17.5 Written Resolutions

- (a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 17.1 (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.
- (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.
- (d) The provisions set out in Clause 17.1 (*Authority of the Bondholders' Meeting*), 17.2 (*Procedure for arranging a Bondholders' Meeting*), Clause 17.3 (*Voting rules*) and Clause 17.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:
  - (i) the provisions set out in paragraphs (g), (h) and (i) of Clause 17.2 (*Procedure for arranging a Bondholders' Meeting*); or
  - (ii) provisions which are otherwise in conflict with the requirements of this Clause 17.5,

shall not apply to a Written Resolution.
- (e) The Summons for a Written Resolution shall include:
  - (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and

- (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority, which shall be at least ten (10) Business Days but not more than fifteen (15) Business Days from the date of the Summons (the "**Voting Period**").
- (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*), will be counted in the Written Resolution.
- (g) A Written Resolution is passed when the requisite majority set out in paragraph (e) or (f) of Clause 17.1 (*Authority of the Bondholders' Meeting*) has been obtained, based on a quorum of the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution will also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.
- (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being obtained.
- (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the time specified in the Summons on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (e) to (g) of Clause 17.1 (*Authority of the Bondholders' Meeting*).

## **18. THE BOND TRUSTEE**

### **18.1 Power to represent the Bondholders**

- (a) The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.
- (b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders' rights and/or carrying out its duties under the Finance Documents.

### **18.2 The duties and authority of the Bond Trustee**

- (a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.
- (b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any Parent Group Company unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no

Event of Default has occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.

- (c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.
- (d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.
- (e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.
- (f) The Bond Trustee shall facilitate that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.
- (g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:
  - (i) complying with instructions of the Bondholders; or
  - (ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 18.4 (*Expenses, liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- (i) The Bond Trustee shall give a notice to the Bondholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Bond Trustee under the Finance Documents.
- (j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal value in order to facilitate partial redemptions, write-downs or restructurings of the Bonds or in other situations where such split is deemed necessary.

### **18.3 Equality and conflicts of interest**

- (a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

### **18.4 Expenses, liability and indemnity**

- (a) The Bond Trustee will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.
- (b) The Bond Trustee will not be liable to the Issuer for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss.
- (c) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.
- (d) The Bond Trustee shall not be considered to have acted negligently in:
  - (i) acting in accordance with advice from or opinions of reputable external experts; or
  - (ii) taking, delaying or omitting any action if acting with reasonable care and provided the Bond Trustee considers that such action is in the interests of the Bondholders.
- (e) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee's obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.

- (f) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond Trustee is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents. The Bond Trustee's obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Fee Agreement.
- (g) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any Finance Document which the Bond Trustee reasonably believes may constitute or lead to a breach of any Finance Document or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.
- (h) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default, the Issuer being Insolvent or similar circumstances pertaining to any Parent Group Company, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee or the Security Agent in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to Transaction Security, and to set-off and cover any such costs and expenses from those funds.
- (i) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 16.3 (*Bondholders' instructions*) or Clause 17.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

## **18.5 Replacement of the Bond Trustee**

- (a) The Bond Trustee may be replaced by a majority of 2/3 of Voting Bonds in accordance with the procedures set out in Clause 17 (*Bondholders' Decisions*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.
- (b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 18.5, initiated by the retiring Bond Trustee.
- (c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 18.5. The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.

- (d) The change of Bond Trustee shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond Trustee undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits and any unpaid fees or expenses under the Finance Documents before the change has taken place.
- (e) Upon change of Bond Trustee, the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

#### **18.6 Security Agent**

- (a) The Bond Trustee is appointed to act as Security Agent for the Bonds, unless any other person is appointed. The main functions of the Security Agent may include holding Transaction Security on behalf of the Secured Parties and monitoring compliance by the Issuer and other relevant parties of their respective obligations under the Transaction Security Documents with respect to the Transaction Security on the basis of information made available to it pursuant to the Finance Documents.
- (b) The Bond Trustee shall, when acting as Security Agent for the Bonds, at all times maintain and keep all certificates and other documents received by it, that are bearers of right relating to the Transaction Security in safe custody on behalf of the Bondholders. The Bond Trustee shall not be responsible for or required to insure against any loss incurred in connection with such safe custody.
- (c) Before the appointment of a Security Agent other than the Bond Trustee, the Issuer shall be given the opportunity to state its views on the proposed Security Agent, but the final decision as to appointment shall lie exclusively with the Bond Trustee.
- (d) The functions, rights and obligations of the Security Agent may be determined by a Security Agent Agreement to be entered into between the Bond Trustee and the Security Agent, which the Bond Trustee shall have the right to require any Parent Group Company and any other party to a Finance Document to sign as a party, or, at the discretion of the Bond Trustee, to acknowledge. The Bond Trustee shall at all times retain the right to instruct the Security Agent in all matters, whether or not a separate Security Agent Agreement has been entered into.
- (e) The provisions set out in Clause 18.4 (*Expenses, liability and indemnity*) shall apply *mutatis mutandis* to any expenses and liabilities of the Security Agent in connection with the Finance Documents.



## **19. AMENDMENTS AND WAIVERS**

### **19.1 Procedure for amendments and waivers**

- (a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 17 (*Bondholders' Decisions*).
- (b) Any changes to these Bond Terms necessary or appropriate in connection with the appointment of a Security Agent other than the Bond Trustee shall be documented in an amendment to these Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the Transaction Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

### **19.2 Authority with respect to documentation**

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

### **19.3 Notification of amendments or waivers**

- (a) The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 19, setting out the date from which the amendment or waiver will be effective, unless such notice according to the Bond Trustee's sole discretion is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.
- (b) Prior to agreeing to an amendment or granting a waiver in accordance with paragraph (a)(i) of Clause 19.1 (*Procedure for amendments and waivers*), the Bond Trustee may inform the Bondholders of such waiver or amendment at a relevant information platform.

## **20. MISCELLANEOUS**

### **20.1 Limitation of claims**

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

## **20.2 Access to information**

- (a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.
- (b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.
- (c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

## **20.3 Notices, contact information**

- (a) Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.
- (b) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).
- (c) Notwithstanding paragraph (a) above and provided that such written notification does not require the Bondholders to take any action under the Finance Documents, the Issuer's written notifications to the Bondholders may be published by the Bond Trustee on a relevant information platform only.
- (d) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter or e-mail. Any such notice or communication will be deemed to be given or made as follows:
  - (i) if by letter, when delivered at the address of the relevant party;
  - (ii) if by e-mail, when received; and
  - (iii) if by publication on a relevant information platform, when published.
- (e) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address and telephone and contact persons.
- (f) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):

- (i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;
- (ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and
- (iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

#### 20.4 Defeasance

- (a) Subject to paragraph (b) below and provided that:
  - (i) an amount sufficient for the payment of principal and interest on the Outstanding Bonds to the relevant Repayment Date (including, to the extent applicable, any premium payable upon exercise of a Call Option), and always subject to paragraph (c) below (the "**Defeasance Amount**") is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the "**Defeasance Account**");
  - (ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the "**Defeasance Pledge**"); and
  - (iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge,

then;

  - (A) the Issuer will be relieved from its obligations under paragraph (a) of Clause 12.1 (*Financial Reports and Management Reports*), Clause 12.2 (*Put Option Event*), Clause 12.5 (*Information: miscellaneous*), Clause 13 (*Issuer's General Undertakings*), Clause 14 (*Issuer's Special Undertakings*) and the Parent will be relieved from its obligations under Clause 15 (*Parent's Undertakings*);
  - (B) any Transaction Security shall be released and the Defeasance Pledge shall be considered replacement of the Transaction Security; and
  - (C) any Obligor shall be released from any Guarantee or other obligation applicable to it under any Finance Document.
- (b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.

- (c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems necessary.

A defeasance established according to this Clause 20.4 may not be reversed.

## **21. GOVERNING LAW AND JURISDICTION**

### **21.1 Governing law**

These Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

### **21.2 Main jurisdiction**

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that the City Court of the capital of the Relevant Jurisdiction shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

### **21.3 Alternative jurisdiction**

Clause 21 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:

- (a) to commence proceedings against the Issuer or any other relevant Parent Group Company or any of their respective assets in any court in any jurisdiction; and
- (b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.


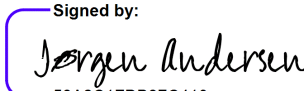
### **21.4 Service of process**

- (a) Without prejudice to any other mode of service allowed under any relevant law, the Issuer:
  - (i) irrevocably appoints Advokatfirmaet Thommessen AS as its agent for service of process in relation to any proceedings in connection with these Bond Terms; and
  - (ii) agrees that failure by an agent for service of process to notify the Issuer of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Issuer must immediately (and in any event within 10 Business Days of such event taking place) appoint another agent on terms acceptable to the Bond Trustee. Failing this, the Bond Trustee may appoint another agent for this purpose.

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These Bond Terms have been executed by way of electronic signatures.

SIGNATURES:

<p><b>The Issuer:</b></p> <p><b>Vital Energi Midco Limited</b></p> <p>Signed by:</p>  <p>.....DBCC06B9D74242A.....</p> <p>By: Cécile Parker</p> <p>Position: Director</p>	<p><b>As Bond Trustee and Security Agent:</b></p> <p><b>Nordic Trustee AS</b></p> <p>Signed by:</p>  <p>.....68A2C1FDB37C410.....</p> <p>By: Jørgen Andersen</p> <p>Position: Authorised Signatory</p>
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**ATTACHMENT 1  
COMPLIANCE CERTIFICATE**

[date]

**Vital Energi Midco Limited 10.50% Senior Secured GBP 175,000,000 Bonds 2025/2030 ISIN  
NO0013622878**

We refer to the Bond Terms for the above-captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to paragraph (d) of Clause 12.1 (*Financial Reports and Management Reports*) of the Bond Terms, a Compliance Certificate shall be issued in connection with each delivery of Financial Reports to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [●].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.1 (*Financial Reports and Management Reports*), we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate. Copies of our latest consolidated [Annual Financial Statements] / [Interim Accounts] are enclosed.

[The financial covenants set out in Clause 14.23 (*Financial covenants*) are met, please see the calculations and figures in respect of the covenants attached hereto.]

[With reference to Clause 14.10 (*Designation of Material Subsidiaries*) the following Group Companies are nominated as Material Subsidiaries: [●]]

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

**Vital Energi Midco Limited**

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Name of authorised person

*Enclosure: Annual Financial Statements / Interim Accounts; [and any other written documentation]*

**ATTACHMENT 2**  
**RELEASE NOTICE – ESCROW ACCOUNT**

[date]

To: Nordic Trustee AS as the Bond Trustee

Dear Sirs,

**Vital Energi Midco Limited 10.50% Senior Secured GBP 175,000,000 Bonds 2025/2030 ISIN NO0013622878**

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer.

Capitalised terms used herein will have the same meaning as in the Bond Terms.

Pursuant to Clause 6.6 (*Additional conditions for releases from the Escrow Account*) and paragraph(s) [(a)/(b)/(d)/(e)/(f)/(g)]<sup>1</sup> of Clause 2.3 (*Use of proceeds*) of the Bond Terms, we hereby give notice that we wish to draw funds from the Escrow Account on [insert date] (the "**Release Date**") in the amount of [insert amount], to be applied for the following purpose(s)<sup>2</sup>:

- **[First Release:** For the purposes of Clause 2.3 (a), (b) and (d) – repayment of the Drakelow Aviva Debt, payment of the First Instalment of the Port Clarence Glennmont Debt, and financing of Drakelow Capex.]
- **[Port Clarence Project Costs:** For the purpose of Clause 2.3 (e), in an amount equal to (i) incurred Port Clarence Project Costs as of the Release Date, and (ii) Port Clarence Project Costs projected to fall due within the next ninety (90) calendar days, as further detailed in the Port Clarence Financial Model.]
- **[Interest Payment:** For the purpose of Clause 2.3 (f), to fund Interest Payments due on the upcoming Interest Payment Date.]
- **[General Corporate Purposes:** For the purpose of Clause 2.3 (g), following the Port Clarence Completion Date.]<sup>3</sup>
- **[Final Release:** In accordance with Clause 6.6 (j), being the release of any remaining balance on the Escrow Account following the Port Clarence Completion Date to fund general corporate purposes of the Issuer Group.]

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<sup>1</sup> Insert the relevant paragraph(s).

<sup>2</sup> When finalising this Release Notice for execution, please delete any sections or options that are not applicable to the specific purpose of the release.

<sup>3</sup> To be included only if the release is for general corporate purposes, including the financing of projects undertaken by any Issuer Group Company.

We hereby represent and warrant that (i) no Event of Default has occurred and is continuing or is likely to occur as a result of the release from the Escrow Account, and (ii) the representations and warranties set out in the Bond Terms are true and accurate in all material respects as of the date hereof.

<sup>4</sup>[We further represent and warrant that (iii) the Cost-to-Complete Test is satisfied on the date of the Release Notice, (iv) no event or circumstance has occurred requiring the Port Clarence Financial Model and/or the Port Clarence Construction Plan (as shared with the Technical Advisor and the Bond Trustee) to be amended in any material respect in order to accurately and adequately constitute a plan and budget for completion of the Port Clarence Project, and (v) the release amount will be applied towards Port Clarence Project Costs scheduled (under the Port Clarence Financial Model) in each case to fall due for payment within the next ninety (90) days.

Please find attached the Cost-to-Complete Test compliance certificate, including a breakdown of the Port Clarence Project Costs to be funded.

*[Insert description of the purpose of the proposed release, including details of the Port Clarence Project Costs to be funded and confirmation that the released amount will be used for such purpose.]]*

Yours faithfully,

**Vital Energi Midco Limited**

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Name:

Title:

<sup>5</sup>*[Countersignature by the Bond Trustee – if applicable]*

We, as Bond Trustee and Security Agent, hereby confirm that the conditions for the release from the Escrow Account, as set out in the purpose specified in this Release Notice, have been satisfied to our satisfaction. For the avoidance of doubt, such confirmation shall not be construed as an acknowledgement or confirmation of the accuracy, completeness, or correctness of any factual statements, representations, or warranties made by the Issuer in this Release Notice or any related documentation.

**Nordic Trustee AS**

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<sup>4</sup> Additional Representations – Port Clarence Project Costs only.

<sup>5</sup> Relevant in respect for Port Clarence Project Costs



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Name:

Title:

<sup>6</sup>[*Countersignature by the Technical Advisor – if applicable*]

The undersigned hereby confirm that: (i) the relevant Port Clarence Project Costs are directly associated with the Port Clarence Project; and (ii) the Cost-to-Complete Test is satisfied as of the date of delivery of this Release Notice to the Bond Trustee.

**[Technical Advisor]**

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Name:

Title:

Enclosures (as applicable under Clause 6.5 (*Conditions subsequent*)):

- [Enclosure I: Flow of Funds]
- [Enclosure II: Confirmation from Technical Advisor]
- [Enclosure III: Cost-to-Complete Test compliance certificate]
- [Enclosure IV: Details of Port Clarence Project Costs to be funded]

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<sup>6</sup> Relevant in respect for Port Clarence Project Costs

**ATTACHMENT 3**  
**SFDR REPORTING SCHEDULE**

*included as a separate document*

**ATTACHMENT 4**  
**LIST OF INTRA-GROUP LOANS**

<b>Borrower</b>	<b>Lender</b>	<b>Loan Balance as at 31/07/25</b>
Vital Energi Midco Ltd	Vital Energi Utilities Ltd	GBP 75,238,251**
Vital Energi Solutions Ltd	Vital Energi Midco Ltd	GBP 55,088
Vital Community Energi Ltd	Vital Energi Midco Ltd	GBP 4,999
Vital Thermotech Ltd	Vital Energi Midco Ltd	GBP 26,916
Vital Energi Power Networks Ltd	Vital Energi Midco Ltd	GBP 515,784
Vital Future Software Ltd	Vital Energi Midco Ltd	GBP 12,250
H2010 Ltd	Vital Energi Midco Ltd	GBP 11,143
The Movement Esco Ltd	Vital Energi Midco Ltd	GBP 14,524
The Paintworks Esco Ltd	Vital Energi Midco Ltd	GBP 17,703
Hepworth Place Ltd	Vital Energi Midco Ltd	GBP 5,773
Vital Energi Generation Ltd	Vital Energi Midco Ltd	GBP 47,122, 899
Vital Holdings Limited	Vital Energi Midco Ltd	GBP 26,643,130
Vital Holdings Limited	Vital Energi Midco Ltd	GBP 10,000,000*
Vital Energi Generation Ltd	Vital Energi Utilities Limited	GBP 8,232,125
Vital Energi Utilities Limited	CEP Teeside Biomass Ltd	GBP 93
Vital Energi (Port Clarence) Ltd	Vital Energi Midco Ltd	GBP 834,431
Vital Energi (Port Clarence) Ltd	Vital Energi Utilities Limited	GBP 1,494,358
Vital Energi (Drakelow) Ltd	Vital Energi Utilities Limited	GBP 14,715,521

(\* this is the loan to Vital Holdings Limited to repay the First Instalment of the Glenmont Debt following the First Release, such amount may increase to GBP 19,000,000 plus associated interest.)

(\*\* this intercompany loan will increase by a further GBP [3,000,000] to reflect a payment made by Vital Energi Utilities Limited on behalf of the Issuer on or around the date of the First Release.)

**APPENDIX 5**

**SUMMONS FOR A WRITTEN RESOLUTION DATED 19 AUGUST 2025 AND NOTIC OF WRITTEN RESOLUTION  
DATED 2 SEPTEMBER 2025**

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS.

**To the bondholders in:**

**ISIN: NO0013622878 - VITAL ENERGI MIDCO LIMITED 10.50 % SENIOR  
SECURED GBP 175,000,000 BONDS 2025/2030**

Oslo, 2 September 2025

**Notice from Written Resolution**

Today a Written Resolution was resolved pursuant to the notice of Written Resolution dated 19 August 2025 (the “**Notice**”).

The Proposal (as defined in the Notice) was adopted according to the voting requirements of the Bond Terms and the Bond Trustee is authorised to take the necessary actions to implement the Proposal.

Yours sincerely  
**Nordic Trustee AS**

*Olav Slagsvold*  
Olav Slagsvold



Denne meldingen til obligasjonseierne er kun utarbeidet på engelsk. For informasjon på norsk vennligst kontakt Nordic Trustee AS.

**To the Bondholders in:**

**ISIN: NO0013622878      VITAL ENERGI MIDCO LIMITED 10.50 % SENIOR  
SECURED GBP 175,000,000 BONDS 2025/2030**

Oslo, 19 August 2025

**SUMMONS FOR A WRITTEN RESOLUTION**

Nordic Trustee AS acts as trustee (the “**Bond Trustee**”) for the holders of bonds (the “**Bondholders**”) in the above listed bond issue with ISIN NO0013622878 (the “**Bonds**” or the “**Bond Issue**”) issued by Vital Energi Midco Limited as issuer (the “**Issuer**” or the “**Company**”).

All capitalized terms used herein shall have the meaning assigned to them in the bond terms dated 11 August 2025 and made between the Bond Trustee and the Issuer (together the “**Bond Terms**”), unless otherwise stated herein. References to Clauses and paragraphs are references to Clauses and paragraphs in the Bond Terms.

The Issuer has requested that the Bond Trustee issues this summons for a Written Resolution (the “**Summons**”), pursuant to Clause 17.5 of the Bond Terms to consider the approval of the Proposal (as defined below).

*The information in this Summons regarding the Issuer is provided by the Issuer, and the Bond Trustee and the Bondholders expressly disclaim all liability whatsoever related to such information.*

**1. Background**

Pursuant to Clause 12.1 of the Bond Terms, the Annual Financial Statements shall be made available on the Issuer's website (alternatively on another relevant information platform) as soon as they become available, and not later than four (4) months after the end of the relevant financial year.

The Bonds were issued on 13 August 2025, and the Parent is in the process of finalising its consolidated annual financial statements for the preceding financial year ending 30 June 2025.

The reorganisation of the Issuer Group was completed on 1 August 2025. As a consequence, Vital Energi Midco Limited, the Issuer, would not be a consolidation entity for the financial year ending 30 June 2025. The Issuer entity was effectively dormant until 1 August 2025 and its first full financial year will be the financial year ending 30 June 2026. Also, the timing of

the incorporation of the Issuer and the reorganisation of the Issuer Group described above, means that the audit of Parent's consolidated annual financial statements for the financial year ending 30 June 2025 will not be completed within the four-month deadline set out in the Bond Terms.

Due to the one-off practical impediments related to the timely completion of the 2025 audit as described herein, the Issuer finds it necessary to clarify that for the financial year ending 30 June 2025 only, the following will apply:

- The Parent will share its unaudited consolidated financial statements within 31 October 2025; and
- the Parent will share its audited consolidated financial statements by 31 December 2025,

(hereinafter referred to as the “**2025 Annual Financial Statement Requirement**”).

For the financial years ending in June 2026 and for the remaining tenor of the Bonds, both the Issuer and the Parent will make their respective Annual Financial Statements available within the four-month deadline set out in Clause 12.1 (a) of the Bond Terms.

The unaudited consolidated financial statements of the Parent for the financial year ending on 30 June 2025 are made available to ensure that the Bondholders receive timely financial information while accommodating the practical realities of the recent reorganisation of the Issuer Group, and the Parent is not expecting any material variances between the Parent's unaudited and audited financial statements.

The Issuer has informed the Bond Trustee that they have received indications of support for the Proposal (as defined below) from Bondholders representing approximately 73% of the Voting Bonds.

## 2. Proposal

Based on the above, the Issuer has requested the Bond Trustee to summon a Written Resolution to propose that the Bondholders consider and approve the following proposal by the Issuer (the “**Proposal**”):

- a) to approve that the Bond Terms are amended to reflect the 2025 Annual Financial Statement Requirement;
- b) to authorise and instruct the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Proposal, including without limitation to prepare, finalise and enter into the necessary amendment agreement, addendum and/or other documentation deemed appropriate in connection with documenting the Proposed Resolution, the granting of waivers, giving of instructions, consents, approvals and directions (including to the securities depository (VPS) and account operators).

Other than the amendments contemplated by the Proposal, the terms and conditions of the Bond Terms will remain unchanged and continue to apply in their existing form.

### 3. Evaluation of the Proposal

The Proposal is put forward to the Bondholders without further evaluation or recommendation from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders from the Bond Trustee. Each Bondholder should independently evaluate the Proposal and vote accordingly.

### 4. Further information

For more detailed information about the Issuer or the Parent, please see [www.vitalenergi.co.uk](http://www.vitalenergi.co.uk) or contact:

Vital Holdings Limited  
Att: Cécile Parker, CFO  
[cecile.parker@vitalenergi.co.uk](mailto:cecile.parker@vitalenergi.co.uk)

Pareto Securities AS as Manager  
Att: Per Joachim Eide // Christian Ramm  
[per.joachim.eide@paretosec.com](mailto:per.joachim.eide@paretosec.com) // [christian.ramm@paretosec.com](mailto:christian.ramm@paretosec.com)

### 5. Written Resolution

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 17.5 (*Written Resolutions*) of the Bond Terms. For the avoidance of doubt, no Bondholders' Meeting will be held.

It is proposed that the Bondholders resolve the following (the “**Proposed Resolution**”):

*“The Bondholders approve the Proposal as described in section 2 (Proposal) of this Summons.*

*The Bond Trustee is hereby authorized to implement the Proposal and carry out other necessary work to implement the Proposal, including to prepare, negotiate, finalize and enter into all necessary agreements in connection with documenting the decisions made by way of this Written Resolution as well as carry out necessary completion work.”*

\* \* \* \*

**Voting Period:** The Voting Period shall expire ten (10) Business Days after the date of this Summons, being on 3 September 2025 at 16:00 Oslo time. The Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority under the Bond Terms prior to the expiration of the Voting Period.

**How to vote:** A duly completed and signed Voting Form (attached hereto as Schedule 1), together with proof of ownership/holdings must be received by the Bond Trustee no later than at the end of the Voting Period and must be submitted by scanned e-mail to [mail@nordictrustee.com](mailto:mail@nordictrustee.com).



A Proposed Resolution will be passed if either: (a) Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour of the relevant Proposed Resolution prior to the expiry of the Voting Period; or (b) (i) a quorum representing at least 50% of the total number of Voting Bonds submits a timely response to the Summons and (ii) the votes cast in favour of the relevant Proposed Resolution represent at least a 2/3 majority of the Voting Bonds that timely responded to the Summons.

If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the expiry of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in Clause 17.1 (*Authority of the Bondholders' Meetings*).

The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.

If the above resolution is not adopted as proposed herein, the Bond Terms and other Finance Documents will remain unchanged.

Yours sincerely

**Nordic Trustee AS**

  
Jørgen Andersen

Enclosed:     Schedule 1: Voting form

**Schedule 1: Voting Form**

**ISIN: NO0013622878      VITAL ENERGI MIDCO LIMITED 10.50 % SENIOR  
SECURED GBP 175,000,000 BONDS 2025/2030**

The undersigned holder or authorised person/entity, votes in the following manner to the Proposed Resolution as defined in the Notice of a Written Resolution dated 19 August 2025.

☐ **In favour** of the Proposed Resolution

☐ **Against** the Proposed Resolution

ISIN NO0013622878	Amount of bonds owned
Custodian Name	Account number at Custodian
Company	Day time telephone number
	E-mail

Enclosed to this form is the complete printout from our custodian/VPS<sup>1</sup>, verifying our bondholding in the bond issue as of \_\_\_\_\_.

We acknowledge that Nordic Trustee AS in relation to the Written Resolution for verification purpose may obtain information regarding our holding of Bonds on the above stated account in the securities register VPS.

We consent to the following information being shared with the issuer's advisors (the Advisors):

- ☐ Our identity and amounts of Bonds owned
- ☐ Our vote

\_\_\_\_\_  
Place, date

\_\_\_\_\_  
Authorized signature

***Return by mail:***

*Nordic Trustee AS  
PO Box 1470 Vika  
N-0116 Oslo  
Norway*

Telephone: +47 22 87 94 00  
E-mail: mail@nordictrustee.com

<sup>1</sup> If the Bonds are held in custody other than in the VPS, evidence provided from the custodian confirming that (i) you are the owner of the Bonds, (ii) in which account number the Bonds are held, and (iii) the amount of Bonds owned.

**APPENDIX 6**  
**AMENDMENT AGREEMENT**

**AMENDMENT AGREEMENT NO. 1**

dated 8 September 2025

to the

**BOND TERMS**

between

**VITAL ENERGI MIDCO LIMITED**

as Issuer

and

**NORDIC TRUSTEE AS**

as Bond Trustee on behalf of the Bondholders

in the bond issue

**Senior Secured GBP 175,000,000 Bonds 2025/2030**

**ISIN NO0013622878**

originally dated 11 August 2025

**THIS AMENDMENT AGREEMENT** (the "**Agreement**") has been entered into on 8 September 2025 by and between:

- (1) **VITAL ENERGI MIDCO LIMITED**, a private limited company existing under the laws of England and Wales with company number 16444525 and LEI-code 9845003852F03DBFE084, as issuer (the "**Issuer**"); and
- (2) **NORDIC TRUSTEE AS**, a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85, as bond trustee and security agent on behalf of the bondholders (the "**Bond Trustee**"),

Parties (1) and (2), together referred to as the "**Parties**" and each individually as a "**Party**".

**WHEREAS:**

- (A) Pursuant to a bond terms agreement originally dated 11 August 2025 (the "**Original Bond Terms**"), the Issuer has issued a bond loan named "Vital Energi Midco Limited 10.50% Senior Secured GBP 175,000,000 Bonds 2025/2030 ISIN NO0013622878" (the "**Bond Issue**" and the "**Bonds**").
- (B) Pursuant to Clause 12.1 of the Original Bond Terms, the Issuer is required to make available on its website (or another relevant information platform) the Annual Financial Statements as soon as they become available, and in any event no later than four (4) months after the end of the relevant financial year.
- (C) Following the reorganisation of the Issuer Group which completed on 1 August 2025, the Issuer will not form part of the consolidated accounts for the financial year ending 30 June 2025. In addition, the timing of the Issuer's incorporation and the group reorganisation means that the audit of the Parent's consolidated Annual Financial Statements for that financial year – and consequently the related reporting – will not be completed within the four-month deadline.
- (D) The purpose of this Agreement is to document the waiver and the amendment to Clause 12.1 of the Original Bond Terms, to reflect the one-off 2025 Annual Financial Statement requirement as approved by the Bondholders on 2 September 2025 pursuant to the notice of Written Resolutions dated 19 August 2025, effective as of the Effective Date.

**NOW THEREFORE**, it is hereby agreed as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1** In this Agreement:

"**Amended Bond Terms**" means the Original Bond Terms as further amended by this Agreement from the Effective Date.

"**Effective Date**" means the date whereby the Bond Trustee confirms to the Issuer that it has received and approved each of the documents and other evidence listed in Schedule 1 (*Conditions precedent*) below.

- 1.2** Terms defined in the Original Bond Terms shall, unless expressly defined herein or otherwise required by the context, have the same meaning in this Agreement.

- 1.3 The provisions of Clause 1.2 (*Construction*) of the Original Bond Terms apply to this Agreement as though they were set out herein in their entirety, except that references to the Original Bond Terms shall be construed as references to this Agreement and any other logical adjustments being made.

## **2. WAIVER UNDER THE ORIGINAL BOND TERMS**

Any Event of Default arising from the Issuer's failure to comply with the information undertakings in paragraph (a) of Clause 12.1 (*Financial Reports and Management Reports*) of the Original Bond Terms, in respect of the Annual Financial Statements up to and including the Effective Date, shall be deemed permanently waived.

## **3. AMENDMENTS TO THE ORIGINAL BOND TERMS**

From and including the Effective Date, paragraph (a) of Clause 12.1 (*Financial Reports and Management Reports*) of the Original Bond Terms shall be amended to read as follows:

“(a) *The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than four (4) months after the end of the relevant financial year.*

*Notwithstanding the foregoing, in respect of the financial year ending 30 June 2025 only, the following shall apply:*

- (i) *the Issuer shall procure that the Parent shall make its unaudited consolidated financial statements available as soon as they become available, and in any event not later than 31 October 2025; and*
- (ii) *the Issuer shall procure that the Parent shall make its audited consolidated financial statements available as soon as they become available, and in any event not later than 31 December 2025.”*

## **4. REPRESENTATIONS**

The Issuer makes the representations and warranties as set out in Clause 7 (*Representations and warranties*) of the Original Bond Terms to the Bond Trustee and the Bondholders by reference to the facts and circumstances then existing (i) on the date of this Agreement, and (ii) on the Effective Date (if different than the date of this Agreement).

## **5. AFFIRMATION OF THE FINANCE DOCUMENTS**

- 5.1 The Parties agree and confirm that, subject to the provisions of this Agreement, the Finance Documents shall continue in full force and effect, and that each of the Parties continues to be bound by the Finance Documents to which it is party.
- 5.2 The Issuer confirms that any security interest granted by it pursuant to the Finance Documents shall continue in full force and effect and shall extend to the Amended Bond Terms, subject to any limitations in the Finance Documents other than such limitations as would be triggered by the amendments in the Amended Bond Terms.

- 5.3 The Parties agree and confirm that, notwithstanding the amendments effected by this Agreement, any reference in any Finance Document to the "Bond Terms" shall be construed as a reference to the Amended Bond Terms.

**6. MISCELLANEOUS**

- 6.1 This Agreement is a Finance Document for the purpose of the Original Bond Terms.
- 6.2 This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
- 6.3 The provisions of Clause 21 (*Governing law and jurisdiction*) of the Original Bond Terms shall apply mutatis mutandis to this Agreement.

## **SCHEDULE 1**

### **CONDITIONS PRECEDENT FOR EFFECTIVE DATE**


- (a) A copy of the updated constitutional documents of the Issuer (including its certificate of registration and articles of association).
- (b) A copy of required corporate resolutions of the Issuer approving the terms of, and the transactions contemplated by, this Agreement.
- (c) This Agreement, duly executed and delivered by all Parties hereto.



SIGNATURE PAGE  
AMENDMENT AGREEMENT NO. 1


The Issuer:

**Vital Energi Midco Limited**

Signed by:  
  
.....DBCG06B9D74242A.....  
By: Cécile Parker  
Position: Director

As Bond Trustee:

**Nordic Trustee AS**

Signed by:  
  
.....58A2C1FDB37C410.....  
By: Jørgen Andersen  
Position: Director, Authorised Signatory

**APPENDIX 7**  
**LOAN DESCRIPTION**

Term sheet written in connection with application for registration on Nordic ABM

Date 22 September 2025

ISIN: NO0013622878



## VITAL ENERGI MIDCO LIMITED 10.50 % SENIOR SECURED GBP 175,000,000 BONDS 2025/2030

### Terms:

#### Documentation:

The Loan Agreement <sup>1)</sup> is described more closely in Standard Terms

Before investing in the bond, the investor is encouraged to become familiar with relevant documents such as this term sheet, the Loan Agreement and the Issuer's financial accounts and articles of association and if relevant, admission document, cf. ABM-rules section 2.7.2.3. The documents are available with the Issuer and in Relevant Places. In the case of any discrepancies between the Loan Agreement and this term sheet, the Loan Agreement will apply.

#### Relevant places:

<https://www.vitalenergi.co.uk/>

#### Issuer:

Vital Energi Midco Limited

#### Borrowing Limit – Tap Issue:

GBP 175,000,000 – Tap Issue(s) until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount (GBP 175,000,000) less the Nominal Amount of any previously redeemed Bonds.

#### First Tranche / Loan Amount : <sup>2)</sup>

GBP 150,000,000

#### Disbursement Date: <sup>3)</sup>

13 August 2025

#### Maturity Date: <sup>4)</sup>

13 August 2030

#### Interest Rate:

10.50 per cent p.a.

#### Yield on Disbursement Date:

10.50 per cent

#### Day Count Fraction– Interest rate: <sup>5)</sup>

30/360

#### Business Day Convention: <sup>6)</sup>

Unadjusted

#### Interest Payment Date(s): <sup>7)</sup>

13 February and 13 August each year

#### Interest accrual date:

13 August 2025

#### Date until which interest accrues:

Maturity Date (13 August 2030)

#### Status of the loan: <sup>8)</sup>

Senior Secured

#### Issue Price: <sup>9)</sup>

100.00 per cent. of the Nominal Amount.

#### Denomination:

Minimum permitted subscription and investment in the Bond Issue is GBP 100,000 and shall, in no circumstance, be less than the GBP equivalent of EUR 100,000. Any higher amounts shall be subscribed for in integral multiples of GBP 100,000 in excess thereof.

#### Call: <sup>10)</sup>

**Redemption Date(s):** See Special (distinct) conditions **Price:** See Special (distinct) conditions

#### Issuer's org. number/LEI number:

16444525 / 9845003852F03DBFE084

#### Number / Codes:

**Sector code:** 9100 **Geographic code:** GB **Industry (trade) Code:** 64202

#### Usage of funds:

The Issuer shall apply the Net Proceeds from the issuance of the Bonds (including any Additional Bonds) for the following purposes:

- (i) refinancing of the Drakelow Aviva Debt;
- (ii) payment of the First Instalment of the Port Clarence Glennmont Debt;
- (iii) with the proceeds from any Tap Issue, financing the repayment of the balance of the Port Clarence Glennmont Debt (including interest thereon);
- (iv) financing of the Drakelow Capex;
- (v) financing of the Port Clarence Project Costs;
- (vi) making Interest Payments owing under these Bond Terms; and
- (vii) for any general corporate purposes of the Issuer Group, including, for the avoidance of doubt, the financing of any projects undertaken by any Issuer Group Company.

Please refer to the Loan Agreement Clause 1.1 (Definitions) for definitions and Clause 2.3 (Use of proceeds).

<b>Approvals / Permissions:</b>	<ul style="list-style-type: none"> <li>The issuance of the Bonds was approved by the board of directors on 11 August 2025</li> <li>The admission document has been inspected by Oslo Børs, cf. ABM-rules sec 2.7</li> </ul>
<b>Trustee:</b>	Nordic Trustee AS, P.O. Box 1470 Vika, NO-0116 Oslo, Norway
<b>Arranger(s):</b>	Pareto Securities AS, P.O. Box 1411 Vika, 0115 Oslo, Norway
<b>Paying Agent:</b>	Pareto Securities AS, P.O. Box 1411 Vika, 0115 Oslo, Norway
<b>Securities Depository:</b>	Verdipapirsentralen ASA (Euronext VPS)
<b>FISN- and CFI-code</b>	FISN: Vital/10 BD 20300813, CFI: DBFGGR
<b>Market Making:</b>	No market-maker agreement has been made for this Bond Issue.
<b>MiFiD II target market of end clients:</b>	Professional clients / Eligible counterparty
<b>Withholding tax:</b> <sup>11)</sup>	None PRIIPS, No KID Gross up
<b>Special (distinct) conditions:</b>	<p><b><u>Redemption of Bonds</u></b></p> <p>The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 101.05 per cent. of the Nominal Amount.</p>

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.1 (*Redemption of Bonds*).

**Voluntary early redemption - Call Option**

The Issuer may redeem all or part of the Outstanding Bonds (the "Call Option") on any Business Day from and including:

- (i) the Initial Issue Date to, but not including, the First Call Date at a price equal to the Make Whole Amount;
- (ii) the First Call Date to, but not including, the Interest Payment Date in August 2028 at a price equal to 105.25 per cent. of the Nominal Amount for each redeemed Bond;
- (iii) Interest Payment Date in August 2028 to, but not including, the Interest Payment Date in February 2029 at a price equal to 104.20 per cent. of the Nominal Amount for each redeemed Bond;
- (iv) Interest Payment Date in February 2029 to, but not including, the Interest Payment Date in August 2029 at a price equal to 103.15 per cent. of the Nominal Amount for each redeemed Bond;
- (v) Interest Payment Date in August 2029 to, but not including, the Interest Payment Date in February 2030 at a price equal to 102.10 per cent. of the Nominal Amount for each redeemed Bond; and
- (vi) the Interest Payment Date in February 2030 to, but not including, the Maturity Date at a price equal to 101.05 per cent. of the Nominal Amount for each redeemed Bond.

Any redemption of Bonds pursuant to paragraph (i) to (vi) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date (and not based on the date the Call Option was exercised by issue of notice), and shall include accrued but unpaid interest on the redeemed Bonds.

The Call Option can be made subject to the satisfaction of one or more conditions precedent to be satisfied or waived by the Issuer no later than 3 Business Days prior to the Call Option Repayment Date. If such conditions precedent have not been satisfied or waived by that date, the call notice shall be null and void.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.2 (*Voluntary early redemption – Call Option*).

**Mandatory repurchase due to a Put Option Event**

Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "Put Option") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101.00 per cent. of the Nominal Amount (plus accrued and unpaid interest on the repurchased Bonds).

If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to the Loan Agreement Clause 10.3 (*Mandatory repurchase due to a Put Option Event*), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in above.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

**Early redemption option due to a tax event**

If the Issuer is required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to the Loan Agreement Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.4 (*Early redemption option due to a tax event*).

**Mandatory early redemption due to an Insurance Event**

Upon an Insurance Event, the Issuer shall:

- (i) promptly notify the Bond Trustee in writing thereof; and
- (ii) ensure that, in respect of any payments received by an Issuer Group Company under the Insurances in respect of any Insurance Event (each such received payment, an "**Insurance Proceeds**"), any such Insurance Proceeds (the amount of which is referred to as the "Unused Insurance Proceeds Amount") which is not used (including amounts designated for payments under contracts already entered into) for repair or replacement of the asset(s) subject to the Insurance Event within twelve (12) months after receipt thereof (the last day of such twelve (12)-month period being the "**Insurance Proceeds Reinvestment Long-Stop Date**") shall be used for redemption of Bonds at a price of 100 per cent. of the Nominal Amount (together with all accrued and unpaid interest on the Bonds).

The redemption shall be made in respect of a number of Bonds with an aggregate Nominal Amount equal to the Unused Insurance Proceeds Amount, provided that if the Unused Insurance Proceeds Amount is less than GBP 1,000,000, no redemption shall be made.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.5 (*Mandatory early redemption due to an Insurance Event*).

**Undertakings**

*Information undertakings*

The Issuer shall comply with certain information undertakings set forth in the Loan Agreement Clause 12 (*Information Undertakings*). This includes, *inter alia*, delivering certain annual and interim accounts, a Management Report, as well as promptly informing the Bond Trustee of any Put Option Event, Listing Failure Event and Insurance Event.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 12 (*Information Undertakings*).

*General undertakings*

The Issuer undertakes to (and shall, where applicable, procure that other Issuer Group Companies will) comply with the undertakings set forth in the Loan Agreement Clause 13 (*Issuer's General Undertakings*).

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 13 (*General Undertakings*).

*Special undertakings*

The Issuer undertakes to (and shall, where applicable, procure that the other Issuer Group Companies will) comply with the special undertakings set forth in the Loan Agreement Clause 14 (*Issuer's Special Undertakings*). This includes, *inter alia*, restrictions on dividends, distribution, disposals and financial indebtedness, as well requirements on maintenance of ownership, negative pledge etc.

In addition, the Issuer also undertakes with certain particular special undertakings with respect to the Drakelow Plant and the Port Clarence Plant. This includes, *inter alia*, undertakings with regards to the operation, maintenance and completion, as well as undertakings regarding information on changes to construction plan and financial models.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 14 (*Issuer's Special Undertakings*).

*Parent Undertakings*

The Parent undertakes to (and shall, where applicable, procure that the Parent and each Parent Group Company will) comply with the additional undertakings set forth in the Loan Agreement Clause 15 (*Parent's Undertakings*). This includes, *inter alia*, restrictions on dividend, continuation of business and maintenance of ownership etc.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 15 (*Parent's Undertakings*).

**Purchase and transfer of Bonds**

The Issuer or the Parent may purchase and hold Bonds and such Bonds may be retained or sold, but not cancelled, in the Issuer's sole discretion, including with respect to Bonds purchased pursuant to the Loan Agreement Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 11 (*Purchase and transfer of Bonds*).

**Supplementary information about status of the loan and collateral: <sup>8)</sup>**

**Status of the Bonds**

The Bonds and each other payment obligation under or in relation to the Finance Documents shall constitute senior debt obligations of each Obligor. The Bonds will rank *pari passu* between themselves and at least *pari passu* with the claims of each Obligor's other unsubordinated creditors (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). All payment obligations under or in relation to the Finance Documents shall rank ahead of any subordinated debt.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 2.4 (*Status of the Bonds*).

**Transaction Security:**

As security for the due and punctual fulfilment of the Secured Obligations, the Issuer shall procure that the Transaction Security (as defined in the Loan Agreement) is granted in favour of the Security Agent on behalf of the Secured Parties, or in case of the Pre-Settlement Transaction Security, in favour of the Bond Trustee (on behalf of itself and the Bondholders), with first-ranking and within the time periods agreed in the Loan Agreement Clause 6 (*Conditions for Disbursement*).

The Guarantee to be provided by each Guarantor as Transaction Security is an unconditional and irrevocable Norwegian law guarantee and indemnity (Norwegian: "*selvskyldnerkausjon*") which shall constitute senior obligations of the Guarantors, granted in favour of the Bond Trustee as Security for the Secured Obligations.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions, Clause 2.5 (*Transaction Security*) for more about the transaction security and Clause 2.6 (*Transaction Security Principles*) for further on the agreed Transaction Security.

**Standard terms:**

*If any discrepancy should occur between this Loan description and the Loan Agreement, then the Loan Agreement should apply.*

<b>Loan Agreement:</b> <sup>1)</sup>	The Loan Agreement will be entered into between the Issuer and the Trustee prior to Disbursement Date. The Loan Agreement regulates the Bondholder's rights and obligations in relations with the Issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.  When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement and is bound by the terms of the Loan Agreement. For tap issues, the Loan Agreement will apply for later issues made within the Borrowing Limit. The parties' rights and obligations are also valid for subsequent issued bonds within the Borrowing Limit.
<b>Open / Close:</b> <sup>3) 4)</sup>	Tap Issues will be opened on Disbursement Date and closed no later than five bank days before Maturity Date.
<b>Disbursement date:</b> <sup>3)</sup>	Payment of the First Tranche / Loan Amount takes place on the banking date ahead of Disbursement Date as agreed with the Manager(s). In case of late payment, the applicable default interest rate according to "lov 17. desember 1976 nr 100 om renter ved forsinket betaling m.m." will accrue.
<b>Expansions – Tap Issues:</b> <sup>2)</sup>	For Tap Issues the Issuer can increase the loan above the First Tranche/Loan Amount. For taps not falling on Interest Payment Dates, Accrued Interest will be calculated using standard market practice in the secondary bond market. The Issuer may apply for an increase in the Borrowing Limit.
<b>Issue price – Tap Issues:</b> <sup>9)</sup>	Any taps under the Tap Issue will be made at market prices.
<b>Interest Period:</b> <sup>7)</sup>	The interest rate is due in arrears on the Interest Payment Date. The first Interest Rate is paid on the first Interest Payment Date after Disbursement Date. The subsequent period runs from this date until the next Interest Payment Date. Last Interest Payment Date corresponds to Maturity Date.
<b>Day Count Fraction– Interest rate:</b> <sup>5)</sup>	Interest shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days, in case of a non-finished month the actual number of calendar days (30/360-basis), with the exception of periods where a) the last day in the period is the 31 <sup>st</sup> calendar day, and the first day of the period is neither the 30 <sup>th</sup> nor the 31 <sup>st</sup> of the month, in which the month containing the period shall not be reduced to 30 days; or b) the last day of the period is the last calendar day in February, in which February shall not be extended to a 30-day month.
<b>Standard Business Day Convention</b> <sup>6)</sup>	Interest Payment Date will not be moved even if it is on a day that is not a banking day. If Interest Payment Date is not a banking day, payments will be made on the following banking day.
<b>Accrued interest:</b>	Accrued Interest rates for trades in the secondary bond market are calculated on the basis of current recommendations of Norske Finansanalytikerers Forening ( <i>The Norwegian Society of Financial Analysts</i> ).
<b>Condition – Call:</b> <sup>10)</sup>	Exercise of Call shall be notified by the Issuer to the Bondholders and the Bond Trustee at least ten Business Days prior to the relevant Call Date.

	Partial exercise of Call shall be carried out pro rata between the Bonds (according to the procedures in the Securities Register).
<b>Registration:</b>	The loan must prior to disbursement be registered in the Securities Depository. The bonds are being registered on each Bondholders account or nominee account in the Securities Depository.
<b>Issuer's acquisition of bonds:</b>	The Issuer has the right to acquire Bonds and to retain, sell or discharge such Bonds in the Securities Depository. Subordinated bonds may not be purchased, sold or discharged by the Issuer without the consent of Finanstilsynet, provided that such consent is required.
<b>Amortisation:</b> <sup>4)</sup>	The bonds will run without instalments and be repaid in full on Maturity Date at par, provided the Issuer has not called the bonds.
<b>Redemption:</b>	Matured interest rate and matured principal will be credit each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
<b>Sale:</b>	Tranche 1/ Loan amount has been sold by the Arranger. Later taps can also take place by other authorized investment firms.
<b>Legislation:</b>	Disputes arising from or in connection with, the Loan Agreement which are not resolved amicably, shall be resolved in accordance with Norwegian law and the Norwegian courts. Legal suits shall be served at the Trustee's competent legal venue.
<b>Fees and expenses:</b>	Any public fees payable in connection with the Bond Agreement and fulfilling of the obligations pursuant to the Bond Agreement shall be covered by the Issuer. The Issuer is not responsible for reimbursing any public fees levied on the trading of Bonds.
<b>Withholding tax:</b> <sup>11)</sup>	The issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the bonds. In case of Gross up, the issuer shall be liable to gross up any payments in relation to the bonds by virtue of withholding tax, public levy or similar taxes. In case of No gross up, the issuer shall not be liable to gross up any payments in relation to the bonds by virtue of withholding tax, public levy or similar taxes.

22 September 2025

