



VITAL Energi Midco PLC

Interim Accounts

For the 6 months ended 31st December 2025



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COMPANY INFORMATION

VITAL ENERGI MIDCO PLC

VITAL ENERGI MIDCO PLC

DIRECTORS

Mr G J Fielding
Mr I M Whitelock
Ms C Parker
Mr A Malin
Mr M Cooke

SECRETARY

Ms C Parker

COMPANY NUMBER

16444525

REGISTERED OFFICE

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



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.



Fair review of the business

In the first half-year of reporting, the Group has performed strongly, delivering stable growth and sustained profitability. Performance during the period has remained robust in the context of a challenging economic climate and reflects the strength of the Group's operating model, supported by over 30 years' experience in delivering complex projects and 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 increased by £26.9m to £132.8m (FY25 HY1: £105.9m), representing growth of 25.4% for the six month period to December 2025. This increase reflects continued strong trading across the Group's core activities.

Operating profit for the period rose significantly by £28.0m to £32.0m (FY25 HY1: £4.0m), an increase of 700.0% compared to the equivalent period last year, primarily due to the Aviva debenture accrued interest exceptional gain of £29.7m on the repayment of the facility and the capitalisation of £3.4m of directly attributable bond raise costs.

Excluding the impact of the exceptional Aviva debenture gain, as well as exceptional legal costs and fees of £2.5m associated with the bond raise that were not directly attributable, underlying operating profit for the period was £4.9m (FY25 HY1: operating profit of £4.0m), representing an underlying increase of £0.9m and a 22.5% increase year on year. This reflects improved operating leverage from higher revenue levels, partially offset by increased cost pressures during the period.

The Group's continued growth has necessitated an increase in average employee numbers. Together with increased depreciation charges of £2.2m relating to the Energy from Waste plant (FY25 HY1: £0.4m), following the commencement of depreciation in the prior financial year, this contributed to an increase in overheads to £18.4m (FY25 HY1: £13.5m). Excluding the impact of these planned cost increases, the underlying cost base remained well controlled.

Group net assets increased to £78.5m (FY25 HY1 as restated: £40.2m). 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 period-end cash balances of £135.5m (FY25 HY1 as restated: £37.9m), is more than sufficient to support our future growth plans. Included within the period-end cash balances is £61.0m in the Bond Escrow account which the group received upon successful securing of the Nordic bond facility.

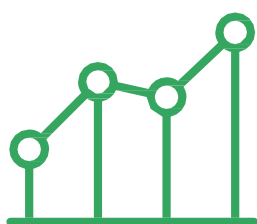
The group's sales and secured order book for FY26 HY2 is already strong, and the forecast shows a continuation of the significant growth levels experienced in previous years.





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.



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





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 ENERGI MIDCO PLC

DIRECTORS' REPORT

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

The directors present their interim report and financial statements for the 6 months ended 31 December 2025.

Incorporation

On 12 May 2025, the Company was incorporated as part of a group reorganisation. As this restructuring has been accounted for using merger accounting, the comparative information presented in these interim condensed consolidated financial statements reflects the Group as if it had always existed in its current form.

Group reorganisation

On 1 August 2025, the Company became the new intermediate parent entity of a number of the subsidiaries in the Group via a share for share exchange and the insertion of the holding Company. The transaction constituted a group reorganisation rather than a business combination under FRS102. No change occurred to the ultimate ownership of the Group or rights of the shareholders.

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 (2025 HY1: £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

Qualifying third party indemnity provisions

The Group and Company have made qualifying third party indemnity provisions for the benefit of its directors during the period. 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 ENERGI MIDCO PLC

DIRECTORS' REPORT

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

Auditor

The interim financial statements are unaudited and have not been reviewed by the Company's external auditor.

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.

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

Date: 20/02/2026
.....

VITAL ENERGI MIDCO PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

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 ENERGI MIDCO PLC

CONSOLIDATED INCOME STATEMENT

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

	Notes	£'000
Turnover		132,842
Cost of sales		<u>(114,557)</u>
Gross profit		18,284
<hr/>		
<i>Analysis of administrative expenses:</i>		
Administrative expenses - non-exceptional		(18,405)
Administrative expenses - exceptional items	1	<u>(2,506)</u>
Administrative expenses		(20,911)
Exceptional gains	2	<u>34,656</u>
Operating profit		32,030
Interest receivable and similar income		2,545
Interest payable and similar		<u>(7,067)</u>
Profit before taxation		27,507
Tax on profit		(6,877)
Profit for the period		<u>20,631</u>

VITAL ENERGI MIDCO PLC

CONSOLIDATED INCOME STATEMENT (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

Notes:

1 - Included within exceptional costs are £0.2m of one of preliminary staff costs and £2.3m in supporting fees in the extinguishment of the Aviva Debenture.

2 - On extinguishment of the Aviva debenture loan held in a material subsidiary, an exceptional gain of £29.7m was recognised in the income statement reflecting the difference between the carrying amount and settlement amount inline with section 12 of FRS102. A £5m gain was recognised in respect of an impairment reversal of trade receivables from CEP Teeside upon acquisition.

VITAL ENERGI MIDCO PLC**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Notes	£'000	£'000
Fixed Assets			
Goodwill			218
Other intangible assets	3		8,743
Total intangible assets			<u>8,961</u>
Tangible assets	4		<u>139,525</u>
			148,486
Current Assets			
Stocks		18,171	
Debtors falling due after more than one year		6,264	
Debtors falling due within one year		110,778	
Cash at bank and in hand	5	<u>135,525</u>	
		270,738	
Creditors falling due within one year		<u>(182,602)</u>	
Net current assets			<u>88,137</u>
Total assets less current liabilities			236,623
Creditors falling due after more than one year	6		(154,767)
Provisions for liabilities			
Deferred taxation			(3,400)
Net assets			<u>78,456</u>
Capital and reserves			
Called up share capital			55
Merger Reserve	7		25,880
Share-based payment reserve			2,373
Profit and loss reserves			58,286
Equity attributable to owners of the parent company			86,594
Non-controlling interests			<u>(8,138)</u>
			<u>78,456</u>

VITAL ENERGI MIDCO PLC**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 31 DECEMBER 2025**

Notes:

3 - The Group made an investment of £1.2m in internal projects within the core business during the six month period to support the strategic expansion of the business.

4 - During the period, the Drakelow and Port Clarence sites combined incurred capital expenditure of £11.1m with depreciation for Drakelow totalling £2.2m now that the site is operational.

5 - Included within cash at bank and in hand is £61m in the Bond Escrow account. There is also £26.7m of restricted funds. The available cash to the group is £47.8m.

6 - The Aviva debenture at 30 June 2025 totalled £81.1m, during the period the facility was extinguished. Upon the successful bond raise, the Group received £150m net proceeds and capitalised directly attributable fees of £3.4m which are held in creditors falling due after more than one year.

7 - The merger reserve has arisen as a result of a group reorganisation accounted for using merger accounting under FRS 102, whereby the Company was introduced as a new intermediate holding company within the Group. Under the reorganisation, the Company acquired a sub-group comprising multiple subsidiaries.

The merger reserve represents the difference between the nominal value of the shares issued by the Company and the nominal value of the shares in the subsidiaries acquired.

On consolidation, balances that existed at the previous Vital Holdings Limited consolidated level prior to the group reorganisation, together with consolidation journals that related solely to the former ownership structure (including historical investment eliminations and non-controlling interest allocations), are presented as movements in the merger reserve.

This treatment reflects the continuation of the existing group rather than the creation of new reserves, and ensures that retained earnings represent only the accumulated trading results of the current consolidated group. No gain or loss arose on the reorganisation, and the merger reserve does not represent distributable profits.

VITAL ENERGI MIDCO PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

		£'000	£'000
Cash generated from group operations:	Notes		
Profit for the year after tax		20,631	
Adjustments for:			
Taxation charged		6,877	
Finance costs		7,067	
Investment income		(2,545)	
Depreciation		2,798	
Amortisation		279	
Cost of intangible assets developed internally		(1,184)	
Increase in stocks		(6,646)	
Decrease in debtors		(12,362)	
Increase in creditors		3,211	
Decrease in creditors - exceptional	8	(29,656)	
Interest paid		(43)	
Interest received		2,314	
Income taxes received		<u>2,115</u>	
Net cash outflow from operating activities			(7,145)
Investing activities			
Purchase of intangible fixed assets		(78)	
Purchase of tangible fixed assets		(12,046)	
Issue of loans to related parties		(176)	
Repayments of loans made by related parties		<u>190</u>	
Net cash used in investing activities			(12,110)
Financing activities			
Purchase of own shares			
Repayment of debentures	9	(52,000)	
Bond raise proceeds	10	146,628	
Repayment of acquisition loan	11	(10,000)	
Repayment of hire purchase		<u>(195)</u>	
Net cash generated from financing activities			<u>84,433</u>
Net increase in cash and cash equivalents			65,177
Cash and cash equivalents at beginning as at 1 July 2025			<u>70,347</u>
Cash and cash equivalents at end of year			<u>135,525</u>

VITAL ENERGI MIDCO PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

Notes:

8 - On extinguishment of the Aviva debenture loan held in a material subsidiary, an exceptional gain of £29.7m was recognised in the income statement reflecting the difference between the carrying amount and settlement amount inline with section 12 of FRS102.

9 - Extinguishment cash payment of Aviva debenture loan held in a material subsidiary.

10 - In August 2025, the Group completed the establishment of a senior secured £175m Nordic bond facility. An initial amount of £150m was raised under this facility and directly attributable fees of £3.4m were capitalised.

11 - During the period, the Group paid £10m of the deferred consideration on the acquisition of CEP Teeside Biomass Limited to the ultimate parent, Vital Holdings Limited as the liability for the acquisition sits under their ownership.

VITAL ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

1 Accounting policies

Company information

Vital Energi Midco PLC (“the Company”) is an unlisted public 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 Energi Midco PLC 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 interim condensed 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 Energi Midco PLC 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 31 December 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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

1 Accounting policies (Continued)

Group reorganisation

On 1 August 2025, the Group undertook an internal reorganisation involving the transfer of subsidiaries between entities under common control. The transaction has been accounted for as a group reconstruction using merger accounting. Under merger accounting principles, the consolidated financial statements are presented as if the new group structure had always been in place.

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 December 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.

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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

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 15 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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 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
Business set up costs	20% straight line once in operation
Other intangibles	40% straight line
Lease premium	See below

The lease premium will have a useful economic life in line with its expected operational life (from July 2025) and is amortised over that period (expected to be operational until December 2052).

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
Energy generating plant	See below

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

Vital Energi (Drakelow) Limited, a subsidiary undertaking with the Group, owns an energy generating plant, which has a useful economic life in line with its expected operational life and is depreciated over that period (expected to be operational until December 2052).

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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

1 Accounting policies (Continued)

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.

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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

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.

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, 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.

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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, amounts owed to contract customers, other borrowings, 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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

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 ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

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.

Other debtors

The directors have evaluated the carrying value of 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 31 December 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.

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 loans, actively participating in the projects and often serving on relevant subsidiary boards

VITAL ENERGI MIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 6 MONTHS ENDED 31 DECEMBER 2025

2 Judgements and key sources of estimation uncertainty (Continued)

Based on these ongoing assessments, the directors believe that the 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.

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.