

VITAL ENERGI UTILITIES LIMITED

REPORT & FINANCIAL STATEMENTS

For the year ended 30th June 2026

Company Registration No. 04050190 (England and Wales)

CONTENTS

3. Company Information
4. Managing Director's Statement
5. Principal Activity
6. Fair Review of the Business
7. Financial Performance
9. Section 172(1) statement

COMPANY INFORMATION

VITAL ENERGI UTILITIES LIMITED

DIRECTORS

Mr G J Fielding
Mr I M Whitelock
Ms C Parker
Mr M I Cooke
Mr P A Smith
Mr A J Walsh
Mr A J Whitelock

SECRETARY

Mr S McKechnie

COMPANY NUMBER

04050190

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 PLATFORM FOR SUSTAINABLE GROWTH

FY26 was an important year for Vital Energi Utilities Ltd (VEUL). We made further progress in our core markets, strengthened our position in heat networks and distributed energy infrastructure, and continued to develop the capabilities needed to support the UK's transition to a lower-carbon economy.

Our purpose remains central to our decision-making. The energy transition requires infrastructure that is technically robust, commercially viable and capable of operating effectively over the long term. VEUL's breadth of in-house expertise allows us to support customers throughout the lifecycle of their energy assets, from development and design through to construction, operation and customer services. Increasingly, this integrated capability also brings together heat, electricity and renewable-energy infrastructure.

During the year, we strengthened our future opportunity base through new appointments, framework success and the continued development of long-term customer relationships. We also made progress in energy asset ownership and electricity network infrastructure, including the energisation of our first Independent Distribution Network Operator (IDNO) network at Solihull Energy Network. These developments support our strategy of combining project delivery with a growing portfolio of long-term infrastructure and operational activities.

This progress was achieved against the backdrop of a challenging market. Delays in procurement, customer decisions and programme commencement affected the timing of some projects, while supply-chain and energy-market volatility continued to influence costs and investment decisions. We responded by maintaining discipline in project selection, cost management and delivery, while continuing to invest in the areas that underpin the company's longer-term development.

Our people remain fundamental to our success. The continued growth and increasing complexity of our activities require specialist technical, commercial, operational and project-delivery skills. During the year, we recruited experienced colleagues, expanded our early-careers activity and continued to invest in capability across the business. Attracting, developing and retaining the skills we need will remain an important priority.

The safety of our employees, contractors and the communities in which we work remains our highest priority. During the year, we continued to invest in proactive safety management, training, inspections and employee engagement to support a strong safety culture across the business. We also continued to strengthen our environmental, social and governance arrangements, recognising that sustainable business practices are increasingly important to our customers, employees and other stakeholders.

Looking ahead, our priorities are clear. We must convert our opportunity pipeline into well-planned and deliverable projects, improve productivity, maintain commercial and operational discipline, and continue strengthening our people, systems and governance. We will pursue growth selectively, with a focus on opportunities that align with our expertise, provide long-term value and contribute to the development of resilient, lower-carbon energy infrastructure.

I would like to thank everyone across VEUL and the wider Vital Energi group for their contribution during the year. The progress we have made reflects their expertise, commitment and continued focus on delivering for our customers. We enter FY27 with a broader opportunity base, a clear strategic direction and the capabilities required to support the next stage of the company's development.

MIKE COOKE | MANAGING DIRECTOR

STRATEGIC REPORT

Principal Activity

Vital Energi Utilities Limited ("VEUL" or "the company") designs, delivers and supports energy infrastructure across the United Kingdom. The company provides an integrated range of services spanning project development, technical design, manufacturing and prefabrication, construction, commissioning, operation and maintenance, metering and billing, and electricity network infrastructure.



VEUL has one of the largest in-house energy design teams in the UK. Its multidisciplinary capabilities include mechanical, electrical, civil, structural and architectural design, together with building information modelling, three-dimensional modelling, energy modelling and controls expertise. The company applies a whole-life approach, considering construction, commissioning, operation, maintenance and system optimisation throughout the design process.

The company designs and constructs heat networks, energy centres and building decarbonisation projects, incorporating technologies such as heat pumps, solar photovoltaic systems, battery storage and energy-efficiency measures. Its services extend from feasibility studies and pre-construction design through to project delivery, connection of buildings and commissioning.

VEUL also has in-house manufacturing and prefabrication capabilities. Its prefabrication team manufactures key components of energy centres off-site for integration with construction activities. The company also develops and supplies its vTherm range of heat interface units (HIUs), including the design and manufacture of project-specific units where required.

Following construction, VEUL provides planned and reactive operation and maintenance services for energy centres, heat networks, plant and HIUs. These services include system monitoring, performance analysis, optimisation, condition assessments, repairs, replacement works and lifecycle support. Its in-house operations and maintenance team provides services across the healthcare, education, industrial and residential sectors across the UK.

The company's metering and billing services cover new-build and existing heat networks, from system design, data collection and technology installation through to billing, account management and customer support. This capability enables VEUL to use operational and consumption data to support accurate billing, system management and longer-term network optimisation.

VEUL's Independent Connection Provider (ICP) capabilities include the design and construction of contestable works associated with electricity networks. Through its Independent Distribution Network Operator (IDNO) activities, its services extend to the adoption, ownership, operation and maintenance of local electricity networks.

Together, these capabilities allow VEUL to support energy infrastructure throughout its full lifecycle, from initial development, design and manufacturing to construction, network connections, operation, maintenance, metering and customer services. This breadth of in-house technical and operational expertise enables the company to coordinate heat, electricity and renewable energy infrastructure within a single delivery model.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risks and uncertainties include the successful securing, delivery and performance of energy infrastructure, heat network and decarbonisation projects, changes in market, regulatory and funding conditions, supply chain and energy market volatility, and the recruitment and retention of suitably skilled employees. Delays in customer decision-making, contract awards or project commencement may also affect the timing of revenue recognition and profitability.

The Board regularly reviews these matters and monitors business development activity, project delivery, operational and safety performance, market conditions and workforce capability. Appropriate policies, procedures and controls are maintained to support the effective management of risk across the business.

Fair Review of the Business

FY26 was a year of commercial progress, continued development and active management of changing market conditions. VEUL maintained a strong work-winning performance, progressed a broader pipeline of heat network, decarbonisation and energy-infrastructure opportunities, and continued to invest in the people and capabilities required to support future growth.

Health, safety, environmental, quality and sustainability performance remained a key focus throughout the year. Safety performance was strong, supported by continued investment in proactive management, inspections, training and employee engagement. The company also maintained its EcoVadis Silver rating with an improved score, completed its first United Nations Global Compact Communication on Progress and continued to strengthen its environmental, social and governance arrangements.

The company's rolling 12-month bid success rate remained high, with approximately eight out of every ten bids won. VEUL was also reappointed to the RE:FIT 5 framework, maintaining access to a key route for public-sector energy-efficiency and decarbonisation projects. Projects secured or progressed during the year included the University of Edinburgh Easterbush campus, the University of Warwick, South Kilburn for Brent Council, Cardiff City Council, SSE Aire Valley, Gatwick Airport and Network Rail, together with a wide range of solar, retrofit and heat network schemes.

An important operational milestone was the energisation of Vital Energi Power Networks' first IDNO network at Solihull Energy Network. Similar projects remained under construction elsewhere in the UK, reflecting increasing interaction between heat network decarbonisation and the electrical demand associated with low-carbon energy infrastructure.

VEUL continued to develop its relationship with Gatwick Airport, progressing the detailed design of the central heat network and associated energy centre, together with the commencement of building-level decarbonisation projects. The programme provides a platform for VEUL to apply its design, construction and operational capabilities across a complex estate.



The company also strengthened its position in heat network asset ownership through the Towns and Cities Advanced Zoning Programme (AZP). VEUL was appointed as DBOM contractor for the Colville heat network in Hackney and South Kilburn heat network in Brent, and as the Development Partner for the Birkenhead, Plymouth, Trafford and Stockport (post year-end) AZPs. VEUL is also pursuing further Development Partner opportunities at different stages of procurement, with additional schemes expected to come to market in FY27.

Delivery and trading performance were affected during the year by delays in contract awards, customer decision-making and programme commencement, together with supply-chain and energy-market volatility. These factors affected the timing of some revenue and margin, with a number of opportunities moving into future periods.

Investment in people and capability continued. Headcount reached 743 by the end of June. VEUL also continued to develop its early-careers pipeline through apprentice and graduate recruitment. Demand for specialist design, engineering, project-delivery and operational skills remained high, making workforce planning, employee development and retention continuing priorities.



Financial Performance

The Company's turnover increased by £13.6m, or 5.5%, to £258.5m (FY25: £244.9m). This reflects strong growth in core business activity, with turnover increasing by £25.9m, or 11.4%, to £252.9m (FY25: £227.0m), as detailed in the statement of comprehensive income on page 17. Financial performance is categorised into two segments: core business activities and the development and operation of owned assets for the Group's own use. The growth demonstrates the resilience of the Company's operations despite the continued challenges presented by the wider economic environment.

Revenue generated from asset build projects (assets for the Group's own use) decreased to £5.6m (FY25: £17.9m), representing a decrease of 68.7%. The movement reflects the completion of major asset ownership projects that were under construction during the prior year, including the Drakelow Energy from Waste facility, which is now fully operational.

Core business margins improved marginally to 12.2% (FY25: 11.4%). The increase reflects continued investment in the business to support future growth and enhance operational capability. Whilst these investments had a modest impact on margins during the year, they strengthen the ability of the Company to support future opportunities and deliver sustainable long-term growth.

Gross profit margin increased to 12.0% (FY25: 10.7%), an improvement of 1.3 percentage points. The increase reflects the successful delivery of higher-margin contracts during the year, together with continued focus on commercial management and operational efficiency.

As part of the Company's strategic focus on long-term asset ownership, management accepts lower initial margins on certain projects in exchange for the long-term revenue streams and recurring cash flows generated through the ongoing ownership and operation of these assets elsewhere in the Group. Operating profit remained flat

KEY FACTS

11.4%
INCREASE IN CORE TURNOVER

0.8%
INCREASE IN CORE GROSS PROFIT

47.0%
INCREASE IN CASH

£13.4m
INCREASE IN NET ASSETS





"Our strategic shift toward long-term asset ownership has fundamentally enhanced our capital base and risk-adjusted returns. By maintaining rigorous capital discipline and a robust balance sheet, we are ensuring that our growth is both high-quality and sustainable for the long term"

Cécile Parker, Chief Financial Officer
Vital Energi Group of Companies

at £6.6m (FY25: £6.6m). Underlying trading performance remained strong, however, the result was impacted by exceptional costs of £2.4m (FY25: £0.8m) incurred during the year. These principally related to the write-off of a third-party loan and redundancy costs arising from organisational changes within the business, which the directors consider to be non-recurring in nature. Increased material and labour costs associated with supporting continued growth also affected performance during the year. Normal administrative expenses increased to £21.2m (FY25: £20.9m), reflecting continued growth. The company continues to invest significantly in its workforce to support both current operations and future growth ambitions. Average employee headcount increased by 0.8% to 728 by 30 June (FY25: 722). Aggregate remuneration increased from £52.4m to £54.9m, a rise of 4.7% reflecting the company's continued investment in its people. The Company's financial position remains robust. Net assets significantly increased to £89.9m (FY25: £76.6m), while cash balances increased to £63.1m (FY25: £43.0m), demonstrating continued strong cash generation. Of this balance, £37.4m (FY25: £26.2m) is restricted under grant funding arrangements and designated for future project expenditure. Total debtors increased by £25.8m, primarily due to additional intra-group lending provided to support the redevelopment of the Port Clarence Energy from Waste facility and the Company's long-term asset ownership strategy. This increase was partially offset by the transfer of certain investment loan balances to the ultimate parent company as part of the Group's reorganisation during the year. Long-term forecasts covering the period to FY30 indicate that the Company will maintain sufficient cash resources and liquidity to support its planned growth strategy. The Company has secured a substantial order book for FY27 and future years and continues to develop a strong sales pipeline. In addition, a growing number of long-term asset ownership contracts have been secured, providing confidence in the Company's ability to continue delivering sustainable growth.



Section 172(1) statement

The Directors recognise their duty under Section 172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, while having regard to the interests of employees, customers, suppliers, communities and the environment, together with the long-term consequences of decisions and the need to maintain high standards of business conduct and the need to act fairly between the company's members. The Board considered stakeholder interests as part of its decision-making processes throughout the year.

STAKEHOLDER CONSIDERATIONS

EMPLOYEES:
The Board received updates on recruitment, retention, employee engagement, workforce development, wellbeing and health and safety. These matters informed continued investment in apprenticeships, graduate recruitment, leadership development and learning systems, with the aim of maintaining the skills and organisational capability required for the company's long-term plans.

CUSTOMERS:
The Board monitored project delivery, operational performance, customer satisfaction and work-winning activity. Customer engagement informed project development, service delivery and investment decisions, particularly for complex energy infrastructure and long-term operational contracts.

SUPPLIERS AND BUSINESS PARTNERS:
The Board considered the importance of resilient and responsible supply chains in supporting the safe and effective delivery of projects. Oversight during the year included responsible procurement, supplier engagement, supply chain resilience and modern slavery due diligence.

COMMUNITIES AND THE ENVIRONMENT:
The Board considered the environmental and social impacts of the Company's activities when reviewing strategic and operational decisions. Through the development and operation of energy infrastructure, social value initiatives, stakeholder engagement and environmental management activities, the Board sought to support responsible growth and contribute to the UK's decarbonisation objectives.

INVESTORS AND LENDERS:
The Board maintained engagement with shareholders, lenders and other providers of capital, with particular attention to liquidity, funding requirements, financial risk and the capital required for long-term investment.

LONG-TERM DECISION MAKING

When considering significant decisions, the Board evaluates the likely long-term consequences, including impacts on employees, customers, suppliers, communities, the environment and the Company's financial position. Significant decisions during the year included the acquisition of Vital Energi (Drakelow) Limited, the acquisition and redevelopment of Port Clarence, supporting the development of the company's Independent Distribution Network Operator ("IDNO") activities, progressing strategic heat network opportunities and maintaining investment in workforce capability and operational systems. The Board considered the capital and funding requirements, expected long-term returns, delivery and regulatory risks, customer requirements, workforce capacity, supply-chain impacts and the potential environmental and community benefits. These considerations informed the timing, structure and resourcing of the relevant investments and projects.

MAINTAINING HIGH STANDARDS OF BUSINESS CONDUCT:
The Board considered governance, ethics and compliance matters throughout the year. Oversight included anti-bribery, modern slavery and whistleblowing arrangements, together with wider sustainability and governance initiatives. During FY26, the Company maintained its EcoVadis Silver rating with an improved score and completed its first UN Global Compact Communication on Progress.

CONCLUSION:
The Directors believe that the decisions taken during FY26 have been consistent with their duties under Section 172(1) and have supported the long-term success of the Company while balancing the interests of stakeholders, responsible business conduct and sustainable growth initiatives and a low-carbon future.

This Strategic Report is approved by the Board of Directors and signed on its behalf by:

Ms C Parker, Chief Financial Officer
29th October 2026

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2026

The directors present their report and the financial statements for the year ended 30 June 2026.

Results and dividends

The profit for the year, after taxation, amounted to £12,182k *(2025: £10,716*k*)*.

A dividend of £Nil was paid in the year *(2025: £Nil)*.

Directors

The directors who served during the year, and up to the date of signing this report, were:

Mr G J Fielding
Mr I M Whitelock
Mr A J Whitelock
Mr M I Cooke
Mr P A Smith
Ms C Parker
Mr A J Walsh

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

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

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.

Energy and carbon reporting

The company's ultimate parent undertaking is Vital Holdings Limited and the company's greenhouse gas emissions, energy consumption and energy efficiency activities are reported in the group accounts of Vital Holdings Limited.

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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 future developments.

Disclosure of information to auditor

The directors confirm that:

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

Auditor

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Ms C Parker
Director

Date: 29/10/26

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGI UTILITIES LIMITED

Opinion

We have audited the financial statements of Vital Energi Utilities Limited (the 'company') for the year ended 30 June 2026 which comprise the statement of comprehensive income, 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 2026 and of its profit 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 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.

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 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, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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.

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, 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 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 contracts, holding discussions with commercial teams, 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: 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.

A C Monteith

Andrew Monteith
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
Date: 29/10/26

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	Asset build 2026 £000	Core 2026 £000	Total 2026 £000	*Asset build 2025 £000*	*Core 2025 £000*	*Total 2025 £000*
Turnover	4	**5,595**	**252,927**	**258,522**	*17,900*	*227,004*	*244,904*
Cost of sales		**(5,359)**	**(222,147)**	**(227,506)**	*(17,609)*	*(201,178)*	*(218,787)*
Gross profit		**236**	**30,780**	**31,016**	*291*	*25,826*	*26,117*
Administrative expenses				**(21,193)**			*(20,883)*
Exceptional administrative expenses	5			**(2,360)**			*(784)*
Share based payment charge				**(1,188)**			*(752)*
Other operating income	6			**349**			*2,912*
Operating profit	7			**6,624**			*6,610*
Interest receivable and similar income	11			**10,447**			*8,435*
Interest payable and similar expenses	12						*(780)*
Profit before tax				**16,462**			*14,265*
Tax on profit	13			**(4,280)**			*(3,549)*
Profit for the financial year				**12,182**			*10,716*

There were no recognised gains and losses for 2026 or 2025 other than those included in the Statement of Comprehensive Income.

The notes on pages 19 to 44 form part of these financial statements.

VITAL ENERGI UTILITIES LIMITED
REGISTERED NUMBER:04050190

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note		2026 £000		*2025 £000*
Fixed assets					
Intangible assets	14		**4,376**		*2,485*
Tangible assets	15		**5,188**		*5,442*
			9,564		*7,927*
Current assets					
Stocks	16	**8,661**		*27,777*	
Debtors	17	**196,211**		*170,451*	
Cash at bank and in hand		**63,107**		*42,928*	
		267,979		*241,156*	
Creditors: amounts falling due within one year	18	**(179,007)**		*(153,193)*	
Net current assets			**88,972**		*87,963*
Total assets less current liabilities			**98,536**		*95,890*
Creditors: amounts falling due after more than one year	19		**(7,581)**		*(18,147)*
Provisions for liabilities					
Deferred tax	22		**(1,043)**		*(1,201)*
Net assets			**89,912**		*76,542*
Capital and reserves					
Called up share capital	23		**-**		*-*
Other reserves	24		**3,561**		*2,373*
Profit and loss account	24		**86,351**		*74,169*
Total equity			**89,912**		*76,542*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Ms C Parker
Director
Date: 29/10/26

The notes on pages 19 to 44 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2024	**-**	**1,621**	**63,453**	**65,074**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**10,716**	**10,716**
Contributions by and distributions to owners				
Capital contribution	**-**	**752**	**-**	**752**
At 1 July 2025	**-**	**2,373**	**74,169**	**76,542**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**12,182**	**12,182**
Contributions by and distributions to owners				
Capital contribution	**-**	**1,188**	**-**	**1,188**
At 30 June 2026	**-**	**3,561**	**86,351**	**89,912**

The notes on pages 19 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

1. General information

Vital Energi Utilities Limited is a private company limited by shares, incorporated in England and Wales. Its registered number is 04050190, and its registered head office is located at Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's functional and presentation currency is Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vital Holdings Limited as at 30 June 2026 and these financial statements may be obtained from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

2. Accounting policies (continued)

2.3 Going concern

In determining that the entity is a going concern, the directors have reviewed financial projections for the year ending June 2027 and forecasts for the period ending June 2030. The projections point to a positive outlook for sales, profitability, and cash flow, and they are supported by a detailed order book summary and prospect list. These have allowed the directors to predict the results for the year ending 2027 with a degree of certainty, as the bulk of that sales forecast is made up of secured orders. A prospect list has been used by business unit directors to forecast sales up to the period ending June 2030.

The company operates within the dynamic energy sector, providing a comprehensive range of low-carbon and renewable energy solutions. Our services cover design, installation, operation, and asset management, targeting diverse sectors including healthcare, education, and industry. Although the energy sector faces challenges such as supply chain disruptions and regulatory shifts, the company's varied service offering and strong history of delivering energy performance contracts position it well to handle these complexities.

The directors have taken these factors into account in their assessment of the company's ability to continue as a going concern. They believe that the company has a robust order book and a solid track record of completing projects. They are also confident that the government's pledge to decarbonisation will continue to provide the company with a long-term stream of work.

Considering potential sensitivities, the directors have assured themselves that there is enough projected liquidity to manage foreseeable issues in the forecast period up to June 2030. The review has also been supported by an analysis of the company’s borrowing facilities, and the directors are satisfied that suitable and committed financing arrangements are in place. This includes the parent's successful completion of a five-year, £150m bond issuance, which provides significant funding for future asset ownership and growth.

The company itself generated a profit before taxation during the year of £16m and had net current assets at the year-end of £89m.

On this basis, the directors believe it is appropriate to prepare the financial statements on a going concern basis, as the review carried out indicates the business will meet its obligations as they become due for a period of at least 12 months from the approval of these financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Accounting policies (continued)

2.4 Foreign currency translation (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 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.

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.

2.6 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.

2.7 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.11 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.14 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.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.17 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer’s interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life of 15 years.

2. Accounting policies (continued)

2.17 Intangible assets (continued)

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	20% straight line
Development costs	-	5 - 33% straight line

2.18 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 5% - 25% straight line
Equipment	- 10% - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.19 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.21 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 in the company's Statement of Financial Position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other debtors due within the operating cycle fall into this category of financial instruments.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

2. Accounting policies (continued)

2.21 Financial instruments (continued)

Basic 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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

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

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

2.22 Captive cell arrangement

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.

2. Accounting policies (continued)

2.23 Share-based payments

Certain employees of the company participate in share-based incentive arrangements operated by the ultimate parent undertaking, Vital Holdings Limited. The awards are settled through the issue of equity instruments of Vital Holdings Limited and are therefore accounted for as equity-settled share-based payment transactions.

The company recognises a share-based payment expense in respect of services received from employees, measured by reference to the fair value of the awards at the grant date and recognised over the applicable vesting period. A corresponding credit is recognised within equity as a capital contribution from the ultimate parent undertaking.

The charge recognised reflects management's estimate of the number of awards expected to vest, adjusted at each reporting date for the effects of non-market vesting conditions where applicable.

2.24 Employee benefit trusts

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

2.25 Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

2. Accounting policies (continued)

2.26 Amendments to FRS 102

On 27 March 2024, the FRC issued Amendments to FRS 102. The effective date for most amendments is accounting periods beginning on or after 1 January 2026, with earlier adoption permitted. The most significant amendments are the replacement of Section 23, now renamed Revenue from Contracts with Customers, and Section 20 Leases. The many other less significant changes, including a new Section 2A Fair Value Measurement, are not currently expected to have a material impact. The new revenue and leasing requirements seek to provide greater consistency and alignment to the international accounting standards, i.e., IFRS 15 and IFRS 16.

The company is planning for the implementation of these changes and is at an early stage in evaluating their financial impact. The most significant change for the company is the introduction of a new lessee accounting model, under which leases previously classified as operating leases will generally be recognised on the balance sheet through the recognition of a right-of-use asset and a corresponding lease liability.

Based on an initial assessment, the adoption of the new lease accounting requirements is expected to have a material impact on the company's statement of financial position due to the recognition of assets and liabilities relating to existing lease arrangements. The amendments are also expected to affect the presentation of expenses within the Statement of Comprehensive Income and the classification of cash flows. The company continues to evaluate the full financial impact and has not yet quantified the effect of adoption.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in the financial statements, when, and if, better information is obtained.

Critical judgements and sources of estimation uncertainty that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Estimates

The following estimates have had the most significant effect on amounts recognised in the financial statements:

Construction contracts
In producing the financial statements, the directors have taken judgements and made estimates relating to 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 basis 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.

3. Judgements in applying accounting policies (continued)

Judgements

The following judgements 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 by Vital Holdings Limited. 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 and therefore the share-based payment expense allocated to the company.

Other borrowings (see note 18 & 19)
A loan of £7,155k was received during the year 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.

4. Turnover

An analysis of turnover by class of business is as follows:

	2026 £000	*2025 £000*
Energy generation and distribution schemes - Core	**237,587**	*212,721*
Energy generation and distribution schemes - Asset build	**5,595**	*17,900*
Energy generation and distribution schemes – Core – Operation & maintenance fees	**15,340**	*14,283*
	258,522	*244,904*

Included within energy generation and distribution schemes revenue is £238,888k *(2025: £226,974k)* of revenue generated from construction contracts.

Analysis of turnover by country of destination:

	2026 £000	*2025 £000*
United Kingdom	**258,522**	*244,904*

Turnover and cost of sales have been separately presented to distinguish core trading activities from asset build operations. Asset build activities principally related to the Drakelow project, which generated revenue of £1,958k *(2025: £13,657k)* and cost of sales of £1,948k *(2025: £13,657k);* the Seaham Garden Village project, which generated revenue of £3,203k *(2025: £3,453k)* and cost of sales of £3,043k *(2025: £3,281k)*; the Newhurst project, which generated revenue of £108k *(2025: £790k)* and cost of sales of £91k *(2025: £671k);* and the Atherstone project, which generated revenue of £326k *(2025: £Nil)* and cost of sales of £277k *(2025: £Nil)*.

5. Exceptional items

	2026 £000	*2025 £000*
Exceptional costs	**2,360**	*784*

Included within exceptional costs in the year is £470k *(2025: £772k)* in respect of redundancy costs for staff and senior individuals and £Nil *(2025: £3k)* legal fees in respect of an IP Infringement and £Nil *(2025: £7k)* in respect of the disposal of a subsidiary company, £4k *(2025: £2k)* in respect to company Share Option Plans (CSOP) accounting costs, s455 directors loan account costs of £6k *(2025: £Nil)*, valuation fees of £10k *(2025: £Nil)* and a third-party loan write off £1,870k *(2025: £Nil)*.

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 overlap periods have been classified as exceptional.

6. Other operating income

	2026 £000	2025 £000
Government grants receivable	**192**	*183*
Research and Development Expenditure Credit	**157**	*228*
Management charges	**-**	*2,501*
	349	*2,912*

During the prior year the company entered into a service agreement with a fellow group company to provide that company with expertise and resources and the provision of various centralised management, financial, HR and IT services.

7. Operating profit

The operating profit is stated after charging:

	2026 £000	2025 £000
Research & development charged as an expense	**290**	*275*
Exchange differences	**47**	*3*
Depreciation of owned tangible fixed assets	**914**	*720*
Depreciation of tangible fixed assets held under finance leases	**145**	*145*
Amortisation of intangible assets	**510**	*360*
Loss on disposal of tangible fixed assets	**12**	*-*
Loss on disposal intangible assets	**2**	*-*
Operating lease charges	**3,745**	*3,658*

8. Auditor's remuneration

During the year, the company obtained the following services from the company's auditor and its associates:

	2026 £000	2025 £000
Fees payable to the company's auditor and its associates for the audit of the company's financial statements	**52**	*40*
Fees payable to the company's auditor:		
Taxation compliance services	**-**	*3*
All non-audit services	**-**	*5*

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2026 £000	*2025 £000*
Wages and salaries	**45,375**	*44,338*
Social security costs	**6,138**	*5,197*
Cost of defined contribution scheme	**2,296**	*2,093*
Equity settled share based payments	**1,188**	*752*
	54,997	*52,380*

The average monthly number of employees, including the directors, during the year was as follows:

	2026	*2025*
Number of direct staff	**568**	*521*
Number of indirect staff	**160**	*201*
	728	*722*

10. Directors' remuneration

	2026 £000	*2025 £000*
Directors' emoluments	**2,092**	*1,908*
Company contributions to defined contribution pension schemes	**137**	*119*
	2,229	*2,027*

During the year retirement benefits were accruing to 6 directors *(2025: 6)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £387k *(2025: £322k)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26k *(2025: £25k)*.

11. Interest receivable and similar income

	2026 £000	2025 £000
Intercompany interest receivable	**9,153**	*5,729*
Bank interest receivable	**1,072**	*1,053*
Other interest receivable	**222**	*1,653*
	10,447	*8,435*

Intercompany interest is charged at 3.25% and 12% per annum on the outstanding amounts.

12. Interest payable and similar expenses

	2026 £000	2025 £000
Intercompany interest payable	**337**	*495*
Finance leases and hire purchase contracts	**272**	*285*
	609	*780*

Intercompany interest is charged at 3.25% per annum on the outstanding amounts.

13. Taxation

	2026 £000	2025 £000
Current tax		
Current tax on profits for the year	**2,115**	*-*
Adjustments in respect of prior periods	**206**	*(34)*
Group relief payable	**2,117**	*3,268*
Total current tax	**4,438**	*3,234*
Deferred tax		
Origination and reversal of timing differences	**(135)**	*267*
Adjustments in respect of prior periods	**(23)**	*48*
Total deferred tax	**(158)**	*315*
Total tax charge	**4,280**	*3,549*

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2025: lower than)* the standard rate of corporation tax in the UK of 25% *(2025: 25%)*. The differences are explained below:

	2026	*2025*
	£000	*£000*
Profit on ordinary activities before tax	**16,462**	*14,265*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% *(2025: 25%)*	**4,116**	*3,566*
Effects of:		
Expenses not deductible for tax purposes	**20**	*19*
Group relief claimed	**(2,117)**	*(3,268)*
Payment for group relief	**2,117**	*3,268*
Research and development expenditure credits	**(39)**	*(57)*
Adjustments in respect of prior years	**206**	*(34)*
Adjustments to tax charge in respect of prior periods - deferred tax	**(23)**	*48*
Other permanent differences	**-**	*7*
Total tax charge for the year	**4,280**	*3,549*

Factors that may affect future tax charges

Deferred tax balances have been measured at 25%, being the enacted UK corporation tax rate applicable to future periods at the balance sheet date.

14. Intangible assets

	Software £000	Development costs £000	Goodwill £000	Total £000
Cost				
At 1 July 2025	**57**	**3,016**	**414**	**3,487**
Additions - external	**-**	**1,895**	**-**	**1,895**
Additions - internal	**-**	**508**	**-**	**508**
Disposals	**-**	**(221)**	**-**	**(221)**
At 30 June 2026	**57**	**5,198**	**414**	**5,669**
Amortisation				
At 1 July 2025	**57**	**760**	**185**	**1,002**
Charge for the year on owned assets	**-**	**488**	**22**	**510**
Disposals	**-**	**(219)**	**-**	**(219)**
At 30 June 2026	**57**	**1,029**	**207**	**1,293**
Net book value				
At 30 June 2026	**-**	**4,169**	**207**	**4,376**
At 30 June 2025	*-*	*2,256*	*229*	*2,485*

Amortisation on intangible assets is charged to administrative expenses in profit or loss.

15. Tangible fixed assets

	Plant and machinery £000	Equipment £000	Total £000
Cost or valuation			
At 1 July 2025	**5,530**	**4,020**	**9,550**
Additions	**179**	**750**	**929**
Disposals	**(256)**	**(482)**	**(738)**
At 30 June 2026	**5,453**	**4,288**	**9,741**
Depreciation			
At 1 July 2025	**1,850**	**2,258**	**4,108**
Charge for the year on owned assets	**310**	**749**	**1,059**
Disposals	**(233)**	**(381)**	**(614)**
At 30 June 2026	**1,927**	**2,626**	**4,553**
Net book value			
At 30 June 2026	**3,526**	**1,662**	**5,188**
At 30 June 2025	*3,680*	*1,762*	*5,442*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2026 £000	*2025 £000*
Plant and machinery	**2,058**	*2,204*

16. Stocks

	2026 £000	*2025 £000*
Work in progress	**6,167**	*24,407*
Finished goods and goods for resale	**2,494**	*3,370*
	8,661	*27,777*

17. Debtors

	2026 £000	2025 £000
Due after more than one year		
Amounts owed by group undertakings	**52,002**	*62,771*
Gross amounts owed by contract customers	**5,856**	*3,960*
Other debtors	**-**	*17,765*
	57,858	*84,496*
Due within one year		
Trade debtors	**13,867**	*19,461*
Amounts owed by group undertakings	**91,577**	*21,571*
Gross amounts owed by contract customers	**29,038**	*31,883*
Other debtors	**319**	*6,891*
Prepayments and accrued income	**3,552**	*5,087*
Tax recoverable	**-**	*1,062*
	138,353	*85,955*
	196,211	*170,451*

Included within amounts owed by group undertakings are the following balances:

Amount outstanding 2026	Amount outstanding 2025	Interest terms	Repayment date	Further details
£52,002,000	£46,430,000	12% per annum, charged monthly	27 January 2053 or any other date agreed by both parties.	No further details.
£7,940,000	£8,232,000	12% per annum, charged monthly	31 December 2026 or such date as may be determined by a resolution of the directors.	Balance held within due after more than one year in 2025 but due within one year in 2026.
£70,934,000	£8,109,000	3.25% per annum	31 December 2026 or such date as may be determined by a resolution of the directors.	Balance held within due after more than one year in 2025 but due within one year in 2026.

All remaining amounts owed by group undertakings are non-interest bearing, unsecured and repayable on demand.

17. Debtors (continued)

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

Amount outstanding 2026	Amount outstanding 2025	Interest terms	Repayment date	Further details
£300,000	£91,000	0% per annum	Repayable on demand	No further details.
£Nil	£6,402,000	-	-	Loans novated to Holdings during the year as part of the group re-organisation.

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

Amount outstanding 2026	Amount outstanding 2025	Interest terms	Repayment date	Further details
£Nil	£17,765,000	-	-	Loans novated to Holdings during the year as part of the group re-organisation.

18. Creditors: amounts falling due within one year

	2026 £000	*2025 £000*
Other loans	**141**	*-*
Trade creditors	**29,988**	*25,896*
Gross amounts owed to contract customers	**692**	*1,252*
Other taxation and social security	**2,033**	*3,320*
Corporation tax	**1,900**	*-*
Obligations under finance lease and hire purchase contracts	**420**	*396*
Other creditors	**1,220**	*1,833*
Accruals and deferred income	**129,689**	*117,655*
Amounts owed to group undertakings	**12,924**	*2,841*
	179,007	*153,193*

Amounts owed to group undertakings includes £10,000k *(2025: £10,000k, included within amounts owed by group undertakings due after more than one year)* with interest charged at 3.25% per annum, charged monthly. This loan has subsequently been repaid in August 2026.

All remaining amounts owed to group undertakings are non-interest bearing, unsecured and repayable on demand.

18. Creditors: amounts falling due within one year (continued)

Included in other creditors is an amount of £192k *(2025: £187k)* in respect of a grant received at what is considered to be a below market rate of interest (see note 20). The total grant 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 £31,381k *(2025: £19,555k)* in respect of government grant income for the government's Heat Networks Investment Project. £192k *(2025: £183k)* of grant income was recognised in the year in respect of this project.

19. Creditors: amounts falling due after more than one year

	2026	*2025*
	£000	*£000*
Other loans	**3,803**	*3,756*
Net obligations under finance leases and hire purchase contracts	**759**	*1,179*
Amounts owed to group undertakings	**-**	*10,000*
Other creditors	**3,019**	*3,212*
	7,581	*18,147*

Included in other creditors is an amount of £3,019k *(2025: £3,212k)* in respect of a grant received at what is considered to be a below market rate of interest (see note 20). The total grant 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.

Amounts owed to group undertakings includes £Nil *(2025: £10,000k)* with interest charged at 3.25% per annum, charged monthly. This amount has been reclassed to due within one year.

20. Loans

Analysis of the maturity of loans is given below:

	2026 £000	*2025 £000*
Amounts falling due within one year		
Other loans	**141**	-
Amounts falling due more than one year		
Other loans	**3,803**	*3,756*
	3,944	*3,756*

Included in other loans falling due within one year is a balance of £141k *(2025: £Nil)* and included in other loans falling due more than one year is a balance of £3,803k *(2025: £3,756k)* which relate 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 using a 5% discount rate. As at 30 June 2026, the gross liability has been discounted by £3,211k *(2025: £3,399k)*. The final repayment will be made in June 2052. No security is held in respect of this loan.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2026 £000	*2025 £000*
Within one year	**420**	*396*
Between 1-5 years	**759**	*1,179*
	1,179	*1,575*

22. Deferred taxation

	2026 £000	*2025 £000*
At beginning of year	**(1,201)**	*(886)*
Charged to profit or loss	**158**	*(315)*
At end of year	**(1,043)**	*(1,201)*

The provision for deferred taxation is made up as follows:

	2026 £000	*2025 £000*
Fixed asset timing differences	**(1,171)**	*(1,290)*
Short term timing differences	**128**	*89*
	(1,043)	*(1,201)*

23. Share capital

	2026 £000	*2025 £000*
Allotted, called up and fully paid		
2 *(2025: 2)* Ordinary shares of £1.00 each	**-**	-

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

24. Reserves

The company's capital and reserves are as follows:

Other reserves

The other reserve movement relates to a capital contribution of £1,188k *(2025: £752k)* in respect of the company's participation in group share based payment plans.

Profit and loss account

The profit and loss account represents cumulative profits, losses and total other comprehensive income made by the company, including distributions to, and contributions from, the parent company.

25. Share-based payments

Certain employees of the company participate in share-based payment arrangements operated by Vital Holdings Limited, the company's ultimate parent undertaking.

During the year, the company recognised a share-based payment expense of £1,188k *(2025: £752k)* in relation to these arrangements. The awards are equity-settled through shares in Vital Holdings Limited and accordingly a corresponding credit has been recognised within equity as a contribution from the ultimate parent undertaking.

Information relating to the number, terms and conditions of the share options granted is disclosed in the financial statements of Vital Holdings Limited.

26. Financial commitments, guarantees and contingent liabilities

The 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, including a negative pledge.

The company has two charges dated 11 August 2025 and 25 September 2025, in favour of Nordic Trustee AS. The charges contain a fixed charge, and a negative pledge over property or undertaking of the company and over an escrow account held with DNB Bank ASA. The escrow account is formally held by Pareto Securities AS as account manager, with the company as beneficial owner.

27. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,296k *(2025: £2,093k)*. Contributions totalling £465k *(2025: £320k)* were payable to the fund at the reporting date and are included in other creditors.

28. Commitments under operating leases

At the reporting date the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2026	*2025*
	£000	*£000*
Not later than 1 year	**2,518**	*2,896*
Later than 1 year and not later than 5 years	**5,880**	*5,714*
Later than 5 years	**741**	*1,377*
	9,139	*9,987*

29. Related party transactions

Included within trade debtors falling due within one year, the company is owed £77k *(2025: £5k)* from companies with common directors, shareholders and close family members. Included within trade creditors falling due within one year, the company owes £25k *(2025: £Nil)*. During the year the company made sales of £492k *(2025: £639k)* to these companies and made purchases of £593k *(2025: £1,069k)* from these companies. The remaining movement relates to payments and receipts.

Included in other creditors falling due within one year are amounts due to a director of £153k *(2025: £764k)*. An amount of £3,774k *(2025: £7,502k)* was repaid and an amount of £3,163k *(2025: £7,802k)* was advanced during the year. The maximum overdrawn amount during the year was £340k *(2025: £3,053k).*

Included within amounts owed by group undertakings due within one year is an amount of £32,656k *(2025: £Nil)* due from Vital Energi (Drakelow) Limited, a fellow group undertaking, with a participating interest. Interest is charged at 3.25% per annum.

Included within amounts owed by group undertakings due within one year is an amount of £2,582k *(2025: £8,232k)* due from Vital Energi Generation Limited, a fellow group undertaking, with a participating interest. Interest is charged at 3.25% per annum.

Included within amounts owed by group undertakings due within one year is an amount of £7,940k *(2025: £5,731k)* due from Vital Energi Generation Limited, a fellow group undertaking, with a participating interest. Interest is charged at 12% per annum.

Included within amounts owed by group undertakings due within one year is an amount of £1,043k *(2025: £Nil)* due from Vital Community Energi Limited, a fellow group undertaking, with a participating interest. Interest is charged at 3.25% per annum.

Included within other debtors due within one year is an amount of £Nil *(2025: £2,652k)* due from a company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. The loan was novated to Vital Holdings Limited during the year as part of the group re-organisation.

Included within other debtors due within one year is an amount of £Nil *(2025: £505k)* due from a company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. The loan was novated to Vital Holdings Limited during the year as part of the group re-organisation.

Included within other debtors due within one year is an amount of £Nil *(2025: £187k)* due from a company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. The loan was novated to Vital Holdings Limited during the year as part of the group re-organisation.

Included within other debtors due within one year is an amount of £Nil *(2025: £782k)* with interest being charged at 10% per annum. The loan was novated to Vital Holdings Limited during the year as part of the group re-organisation.

Included within other debtors due after more than one year is an amount of £Nil *(2025: £7,282k)* with interest being charged at 10% per annum. The loan was novated to Vital Holdings Limited during the year as part of the group re-organisation.

Included within other debtors due after more than one year is an amount of £Nil *(2025: £4,588k)* with interest being charged at 7.95% per annum, charged monthly. The loan was novated to Vital Holdings Limited during the year as part of the group re-organisation.

29. Related party transactions (continued)

Included within other debtors due after more than one year is an amount of £Nil *(2025: £5,895k)* with interest being charged at 7.50% per annum, charged monthly. The loan was novated to Vital Holdings Limited during the year as part of the group re-organisation.

30. Subsequent events

There have been no significant events affecting the company since the reporting date.

31. Controlling party

The immediate parent of the company is Vital Energi Midco Plc and the ultimate parent of the company is Vital Holdings Limited, both companies are incorporated in the United Kingdom.

The smallest group at which the company is consolidated is that headed by Vital Energi Midco Plc. The largest group in which the results are consolidated is that headed by Vital Holdings Limited. The consolidated financial statements of Vital Energi Midco Plc and Vital Holdings Limited can be obtained from Companies House and the registered office. The registered office of both entities is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.