



VITAL ENERGI UTILITIES LIMITED

REPORT & FINANCIAL STATEMENTS

For the year ended 30th June 2025



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VITAL ENERGI UTILITIES LIMITED

COMPANY INFORMATION

VITAL ENERGI UTILITIES LIMITED

DIRECTORS

Mr G J Fielding
Mr I M Whitelock
Mr M I Cooke
Mr P A Smith
Mr A J Whitelock
Ms C Parker
Mr A J Walsh
Mrs D M Whitelock (*Resigned April 2025*)

SECRETARY

Mr S McKechnie

COMPANY NUMBER

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REGISTERED OFFICE

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AUDITOR

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EMPOWERING CHANGE: OUR JOURNEY TOWARD A SUSTAINABLE FUTURE

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

This year, we took a major step forward by successfully raising funding through a senior secured £175m Nordic bond facility, drawing £150m to support our growth in asset ownership. This strategic move strengthens our position as an established player in the energy landscape, enabling us to secure stable long term revenue streams, enhance financial performance, and contribute to the UK's energy transition. We expanded our energy-from-waste ('EfW') assets by acquiring Aviva's stake in our existing Drakelow EfW plant and acquiring the Port Clarence EfW plant. These transactions provide a 'step change' in our asset ownership journey.

We continue to significantly expand our portfolio of sustainable energy assets, from developing, operating and owning heat networks, innovative storage solutions, to large-scale renewable technology projects such as Lancaster University Net Zero Infrastructure Project, the Gatwick Airport Sustainability Framework and our acquisition of the Gloucestershire Science and Technology Park.

Environmental sustainability remains central to our business, and this year we strengthened our approach to carbon reporting and accountability, laying the groundwork for future reductions. We implemented



We are
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planet for future
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innovative energy solutions and engaged with stakeholders to drive sustainable practices. We are proud to have maintained a Silver rating in the EcoVadis assessment with an improved score, recognising

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

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

GARY FIELDING | CHAIRMAN



VITAL ENERGI UTILITIES LIMITED

INVESTING IN A SUSTAINABLE FUTURE

As we reflect on FY24/25, I am proud to report that Vital Energi has continued to make a significant contribution to the UK's energy transition, delivering sustainable, long-term value to our stakeholders. In a year marked by both opportunity and complexity, we have achieved critical milestones that underscore our commitment to innovation, affordability, and

operational excellence. Our ability to adapt and respond to evolving market conditions has been instrumental in maintaining momentum and delivering results.

We are also proud to be involved in several strategic partnerships to address one of the most pressing challenges in the sector: the affordability of low-carbon heat. For example, through the joint industry and government forum the Heat Networks Industry Council's "Cost of Heat" workstream, we are helping to shape policy and market mechanisms that will close the "gap to gas"

and make heat networks a viable alternative for more communities. This collaborative approach is essential to unlocking scalable, long-term solutions that benefit both consumers and the climate.

At Vital Energi, we believe that investing in people is the foundation of long-term success. This year, we've significantly expanded our early careers pipeline, welcoming a record intake of 30 apprentices and 31 graduates.

To support their development, we launched a structured graduate programme alongside our established apprenticeship programme, focusing on accelerating learning, fostering leadership, and embedding sustainability into every career journey. Our membership of the 5% Club reinforces our commitment to inclusive and impactful talent development, and we're proud that 15% of our workforce is now on structured "earn and learn" pathways, combining practical experience with continuous learning.

The investment in our digital learning environment has delivered strong results, significantly advancing both technical excellence and personal growth. These initiatives are helping us build a workforce that is not only skilled and resilient but also inspired to lead the energy transition. Looking ahead, we remain focused on shaping the future of heat networks through strategic collaboration with government, industry, and local communities.

Our expanding portfolio, strengthened by new partnerships and a robust financial platform, positions us to deliver transformative infrastructure that meets the UK's decarbonisation goals.

IAN WHITELOCK | CEO





Principal activity

We operate at the forefront of the UK's transition to low-carbon energy, delivering integrated solutions that combine technical innovation, long-term asset performance, and environmental stewardship. We offer an extensive array of energy-related services, systems, and solutions; as both an Asset Owner and Operator ourselves 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 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 and power, as well as the integration of new energy networks with the National Grid.

Our purpose is to **"protect our planet for future generations"** which continues to shape every aspect of our operations and is deeply embedded in our culture. From our grassroots Climate Education programme to the delivery of pioneering sustainable infrastructure across the UK, this purpose drives our people and our partnerships.

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

In FY24/25, we expanded our operational footprint with the acquisition of Port Clarence EfW plant and continued to deliver major infrastructure projects such as the Lancaster University Net Zero Infrastructure Project, Leeds PIPES and the Gatwick Airport Sustainability Framework.

Our expertise in energy distribution networks 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, including 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, waste-to-energy and local authority sectors, remaining at the forefront of innovation as we continue to expand and meet the demands of a changing world.



We work with **clients, partners and community** stakeholders to ensure we deliver value in terms of:



Offering the lowest possible carbon solution



Maximising energy bill savings



Ensuring energy security and reliability



Maximising community benefits



Creating jobs, training and local supply chain opportunities



Fair review of the business

The Company's overall sales turnover significantly increased by £23.9m/10.8% to £244.9m (FY24: £221.0m). This reflects a significant increase in core business sales turnover, which rose by £16.8m (+8.0%) to £227.0m (FY24: £210.2m) as detailed in the statement of comprehensive income on page 26 (Financial performance is categorised into two segments: core business activities and the development and operation of owned assets for the Group's own use). This growth demonstrates the resilience of our core business despite a challenging economic climate.

The substantial increase in asset build sales (internal sales) to £17.9m (FY24: £10.7m), a rise of 67.3% directly reflects our strategic pivot towards greater asset ownership. Our gross profit margin decreased to 10.7% (FY24: 12.0%), a drop of 1.3%, which occurred despite strong revenue growth. This reduction was primarily impacted by lower-margin legacy projects and our evolving business model. The core business margin also saw a slight decrease to 11.4% (FY24: 12.6%). Crucially, the margin was also influenced by the initial stage of our asset build project which carries a lower upfront internal margin.

As we strategically prioritise long-term asset ownership, we accept this lower initial margin in exchange for the sustained revenue and long-term recurring cashflow derived from the ongoing management of these valuable assets. Operating profit saw a modest increase of £0.2m, rising to £6.6m (FY24: £6.4m), mainly on the strength of increased turnover. Administrative expenses rose to £22.4m (FY24: £20.6m), driven primarily by the costs associated with business expansion and overall infrastructure growth. We continue to invest heavily in our workforce to support present and future planned growth. This is reflected in our staff numbers: the average number of employees increased by 15.3% to

722 (FY24: 626). Consequently, the aggregate remuneration of employees increased from £43.0m to £52.4m, a rise of 21.9%.

The Company's financial position remains strong. Net assets significantly increased to £76.6m (FY24: £65.1m). Our cash balance also saw a significant increase, rising to £43.0m (FY24: £36.5m), which demonstrates strong cash generation. The increase in debtors by £27.2m primarily reflects a rise in other debtors, driven by additional loans extended during the period (see note 18). Overall financial strength remains robust. Our cash and liquid assets significantly exceed the requirements necessary to support the projected growth plans for the current financial year. We have successfully built a substantial sales pipeline and a secured order book for FY26, projecting a continuation of the powerful growth rates seen in previous periods.

The Company's core mission is unwavering: to deliver a substantial positive environmental impact by providing clients with low-carbon, energy-efficient solutions, thereby facilitating their transition toward Net Zero goals. The company is an integral part of the Vital Energi Group and the activities of the Board are aligned to those of the wider Group.



KEY FACTS

8.0%

INCREASE IN CORE TURNOVER

11.4%

CORE GROSS PROFIT MARGIN

17.6%

INCREASE IN CASH BALANCE

£11.5m

INCREASE IN NET ASSETS





Environmental

Rebaselining our Greenhouse Gas Emissions: In FY24/25, we undertook a comprehensive rebaselining of our greenhouse gas (GHG) emissions in collaboration with Greenly, aligning with the latest GHG Protocol methodologies.

This reassessment ensures consistency, transparency, and comparability across reporting years strengthening the integrity and reliability of the overall evaluation process.

Total emissions for the year reached 465,757 tCO₂e, with Scope 3 emissions accounting for 64% of the total footprint. This significant increase on our FY23/24 footprint is attributable to two key factors. Firstly, the transition of the Drakelow Energy-from-Waste facility to full operational status in early 2025 significantly expanded our carbon footprint. As the site commenced energy production, Scope 1 and 2 emissions rose in line with increased fuel throughput and energy generation activities. Importantly, the facility plays a vital role in diverting waste from landfill, supporting our broader sustainability goals by converting residual waste into low-carbon energy. Secondly, changes in the carbon accounting methodology applied to purchased goods and services contributed to higher Scope

3 emissions. In FY24/25, updated emission factors, reflecting improved data granularity and revised lifecycle assumptions, were applied by Greenly, a specialist carbon management platform that uses the greenhouse gas protocol that is industry standard for carbon reporting, to expense-based calculations. This methodological refinement ensures greater accuracy but also results in higher reported emissions compared to previous years. Excluding the emissions attributable to Drakelow and the recalibration of Scope 3 factors, our core business operations continue to reduce in carbon intensity. This reflects our ongoing efforts to improve energy efficiency, engage suppliers on climate maturity, and implement low-carbon procurement policies.

Together, these developments mark a shift toward more comprehensive and transparent carbon reporting, aligned with international standards and our commitment to improvement.



Advancing Site Setup Standards to Drive Carbon

In early 2025, we launched a cross-functional initiative to define and implement minimum standards for site setup, aimed at improving operational consistency while significantly reducing our environmental impact. The project introduced a banded approach to site setup requirements based on project value, duration, and personnel count. This framework ensures that each site is equipped appropriately, balancing functionality with sustainability.

Key innovations include:

- Optimised cabin configurations to reduce energy consumption
- Standardised lighting and fencing solutions that minimise material waste
- Engagement with key suppliers to secure access to low-carbon cabins



The initiative included a workshop attended by members of our Projects, Commercial, Estimating and Work-Winning teams, to refine the standards and address practical considerations like fire ratings, cost codes, and supplier logistics.

By embedding sustainability into the early stages of project planning, this effort exemplifies our commitment to carbon-conscious construction practices and collaboration.



Heat Pump Ready Programme: Innovation at Century House

In FY24/25, we progressed our commitment to low-carbon innovation by developing and installing a prototype energy centre at Century House, our headquarters. This initiative is part of the UK Government's Heat Pump Ready Programme, partly funded by the Department for Energy Security and Net Zero (DESNZ).

The compact unit incorporates advanced technologies including a thermal store using a special material developed with the University of Birmingham, based on over 10 years of research. The solution is aimed at improving energy efficiency and accelerating the deployment of heat pump systems. It is expected to help reduce our reliance on fossil fuels and contribute to lowering Scope 1 emissions at the site.



ACTIONS FOR FY25/26

- **Circular Resource Use, Waste Management and Whole Life Carbon:** We are committed to advancing a circular economy across our operations, recognising that the energy transition relies on responsible resource use and resilient supply chains. To reduce dependence on virgin materials and minimise environmental impact, we embed circularity principles throughout our project lifecycle, from design and procurement to operations and end-of-life recovery. Our approach includes modular system design to enable reuse, collaboration with suppliers to promote recycled content, and robust maintenance strategies to extend product lifespans. At project close, we prioritise reuse and recycling, supported by partnerships with waste specialists like Go Green and Beyondly. In FY24/25, we updated our site waste management procedures, leading to improved waste tracking, reduced landfill disposal, and enhanced compliance with packaging and electronic waste regulations. **Looking ahead to FY25/26,** we will focus on training and awareness, and work closely with our supply chain to target key areas such as spoil movement and damaged solar panels. We also significantly strengthened our approach to carbon accountability in FY24/25 through the application of Whole Life Carbon Assessment (WLCA). This methodology allows us to quantify the full carbon impact of our infrastructure, from material sourcing to end-of-life. Our work on the Lancaster University Net Zero Infrastructure Project (LUNZIP) has positioned us as a sector leader in applying WLCA to live energy infrastructure projects. Using One Click LCA, we've embedded carbon tracking into project governance, trained internal carbon champions, and collected real-time site data to improve accuracy. By integrating WLCA with circular design and procurement practices, we are building a more transparent and resilient supply chain while supporting our clients' decarbonisation goals. **Looking ahead to FY25/26,** we will be undertaking a targeted investigation into construction-phase fuel and energy use, an area widely recognised as a significant gap in current carbon footprinting methodologies. This initiative will leverage live data from our infrastructure projects to better understand the embodied emissions associated with temporary energy systems, plant operations, and site logistics. The findings will inform enhancements to our WLCA modelling and support the development of more comprehensive carbon accounting practices across the built environment sector.
- **Creating a Net-Positive Biodiversity Impact:** We recognise that protecting biodiversity is essential to both environmental and economic sustainability, with nearly half of global GDP at risk from ecosystem loss. We have committed to developing a Biodiversity Policy that ensures our renewable energy projects contribute positively to nature. This includes setting science-based decarbonisation targets, applying the mitigation hierarchy to avoid and reduce harm, and integrating biodiversity restoration into all project phases. Our goal is to achieve net-positive biodiversity impact for all projects commissioned from 2030 onwards. To support this, we are adopting emerging frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) to ensure our targets are measurable, credible and aligned with global best practice.



Social

We are evolving our delivery model to focus on long-term, high-impact projects that generate meaningful social value across the UK. To ensure consistency and scalability, we have implemented a Strategic Social Value and Stakeholder Engagement Framework. This formal structure enables multi-year budgeting, project-level planning, centralised tracking, and clear governance, laying the foundation for sustainable, measurable outcomes. Our strategy is anchored

in six key areas: scaling up social value; tailoring community and sector strategies; embedding equity, diversity, and inclusion; lifelong education engagement; employee empowerment; and centralised data management to ensure transparency and continuous improvement. In FY24/25, several regional initiatives exemplified our commitment to embedding social value at scale. In London, as Gatwick Airport's Sustainability Delivery Partner for its Second Decade of Change, our plans will drive employment and skills

development through placements, apprenticeships, qualifications, and STEM education events. In Scotland, our partnership with Powering Futures is bridging the gap between education and employment, offering young people pathways into the careers of the future. In Blackburn & Darwen, we continue our support as a Gold Patron of Blackburn Youth Zone, helping to raise aspirations and transform lives locally. In the Midlands, our investment in Solihull is delivering £3.1m in local spend, 180 apprentice weeks,

WE DELIVER VALUE

Our strategy is anchored in six key areas:



Scaling up social value



Lifelong education engagement



Tailoring community and sector strategies



Employee empowerment



Centralised data management



Embedding equity, diversity, & inclusion

over 60 hours of environmental volunteering, and targeted economic and EDI engagement. And across Wales, we scaled up our social and economic contributions through projects like Coed Ely Solar Farm, where we generated over £600,000 in local spend, and Duffryn Heat Network, where we created a Nurture Farm at Tredegar Primary School, an outdoor learning space focusing on horticulture, animal care and food education.

Our experience of delivering social value over many years - through projects like Leeds PIPES, positions Vital Energi to ensure that heat network zoning delivers genuine community benefits. Unlike other forms of renewable energy generation, heat networks are inherently for the communities where they are located. They must support the growth and wellbeing of those communities. The success of zoning areas will

be determined not only on carbon performance, but also on their ability to tackle fuel poverty, create local jobs and apprenticeships, improve the local environment, and build long-term trust. Our proven record of embedding social value into complex, multi-year projects demonstrates that we can deliver these wider benefits in practice, not just in principle, making us a partner of choice for local authorities, investors, and communities.



BUILDING THE WORKFORCE OF TOMORROW

In a sector undergoing rapid transformation, **investing in people is central** to Vital Energi's long-term success. We are committed to building a future-ready workforce with the technical excellence, adaptability and purpose-driven mindset needed to deliver the UK's clean energy transition.

Recognising that the skills required for complex low-carbon infrastructure were not readily available from the existing pipeline of school and college leavers, we launched our own apprenticeship programme in 2020. The scheme has grown year-on-year and continues to evolve to meet industry needs. In FY24/25, our traditional Craft apprenticeship evolved into a new Low Carbon Apprenticeship, delivered in partnership with Bolton College, equipping apprentices with skills in areas such as low-carbon plumbing and energy systems. In total, 30 new apprentices joined our schemes this year.

Our first formal Graduate Scheme was launched in May 2025, attracting over 1,500 applicants and leading to offers for 31 graduates, the largest graduate intake in our history. As a result, apprentices and graduates now make up 15% of our total workforce, a figure we are particularly proud of given that across the construction industry achieving 5% of the workforce in "earn and learn" positions (e.g. apprentices, sponsored students and graduates on formalised training schemes) is considered aspirational.

Our early careers programmes are structured to provide breadth, depth, and connection. Apprentices rotate across departments on a 3-month

rotation, while graduates undertake structured short-term placements aligned with their discipline to better understand the business and build internal networks. Designed by our Future Leaders Board, the programme will expand in the coming year to include formal mentoring, study and chartered support, alumni networking, and clear post-programme career pathways to strengthen retention and leadership readiness. Alongside developing new talent pipelines, we are also reskilling and upskilling our own workforce and the wider industry. District heating pipework requires specialist welding techniques that differ from those commonly used in gas and water networks. To preserve and transfer this expertise, we have developed a bespoke welding procedure delivered at our Blackburn training academy by experienced district heating welders, who pass on their expertise to colleagues with welding experience in other utilities. Training takes 3-6 months, with five welders accredited since July 2024 and now deployed across UK projects.

We are also contributing to industry-wide knowledge development. During FY24/25, our HIU Manager created and delivered a CIBSE-approved CPD module on heat interface units (HIUs) and heat networks, offered both internally and to external partners. This reflects our commitment not only to developing our own people but also to raising skills standards across the wider sector.





Creating an Inclusive and Supportive Workplace

As we grow and evolve, Vital Energi remains committed to creating a workplace where every individual feels valued, supported, and empowered to thrive. Our people strategy is rooted in inclusion, wellbeing, and continuous improvement, ensuring our workforce is not only future-ready but also resilient, engaged and reflective of the communities we serve.

In FY24/25, we deepened our commitment to diversity and representation by celebrating key awareness events including Pride Month, International Women's Day and International Men's Day. These moments were supported by internal campaigns, training modules, and open forums that encouraged dialogue on topics such as gender identity, mental health and psychological safety. Our Women in Energi event brought together 90 employees for a full day of wellbeing and personal development, with feedback describing it as "motivating, inspiring, and relaxed".

We also expanded our support for employee wellbeing. Mental health services are now embedded across the organisation, with trained Mental Health First Aiders, regular wellbeing check-ins, and access to confidential support via our Employee Assistance Programme and healthcare schemes. Absence rates remained below national averages, with cancer-related illness and surgical recovery identified as the top long-term causes of absence.

In response, we introduced proactive measures such as phased return-to-work plans, health screening awareness, and flexible working arrangements to support recovery and resilience.

Our benefits offering was enhanced through the rollout of a new healthcare scheme and payrolling of benefits in kind. We also implemented Real Living Wage increases and launched a flexible working policy, with further exploration into reduced contracted hours for specific roles. These changes reflect our ongoing efforts to align employee experience with evolving expectations around work-life balance and wellbeing. Training and development remain central to our people strategy. In addition to our early careers programmes, **we invested over £180,000 in workforce development, including CPD-accredited modules, NVQ qualifications, and leadership training.** Our digital learning platform has streamlined access to mandatory training and performance reviews, with further enhancements planned to improve completion rates and user experience.

By fostering a culture of trust, empathy, and continuous learning, we are building not just a better workplace, but a stronger, more sustainable business.

Supporting Local Causes

Across our operations, we hosted 59 educational exhibitions and climate education events, reaching over 10,000 students and dedicating 455 staff hours. These initiatives raise awareness of green technologies and career pathways, bridging the gap between education and industry. Our delivery teams provide hands-on insights into sustainable practices, helping build a skilled, inclusive workforce.

We are committed to supporting causes that matter to our people and the communities we serve. Through charitable partnerships, donations, sponsorships and fundraising, we contributed over £163,000 across the UK last year, £102,114 from corporate initiatives, with additional support through project-based activity. These funds supported a wide range of charities and community organisations, including The Christie, Macmillan Cancer Support and Refuge. We also took part in events such as the Bolton 10k and Cash for Kids, helping raise awareness and funds for vital local causes.

Internships and work experience placements are another key pillar of our strategy. We actively encourage local residents and students to gain practical experience on our projects. One recent intern shared this about their experience:

"Their guidance and willingness to share knowledge created a great learning environment. Thanks to their mentorship, I developed my technical understanding as well as important workplace skills like effective communication, accuracy and project coordination."

Through these efforts, we are not only delivering infrastructure but also empowering communities with the knowledge, skills and confidence to shape a sustainable future, reflecting our belief that corporate responsibility goes beyond infrastructure and involves being an active, compassionate partner in the communities where we operate.



Governance

Our Board of Directors continues to provide strategic oversight and leadership, ensuring Vital Energi remains resilient, innovative, and aligned with our long-term sustainability and growth ambitions. In FY24/25, governance activity focused on deepening ESG integration, strengthening regulatory compliance, and enhancing our ability to respond to a rapidly evolving policy and risk landscape.

Ethical Conduct and Accountability

We remain fully committed to ethical business conduct, underpinned by our policies on anti-bribery and corruption, whistleblowing, and modern slavery. In FY24/25, we continued to enhance our procurement due diligence processes and risk-based screening, supporting greater transparency and accountability across our supply chain. This included appointing a dedicated Supply Chain Manager in February 2025. Our alignment with frameworks such as the UN Global Compact, alongside our adherence to the Modern Slavery Act, continues to drive meaningful improvements in how we manage ESG risks and uphold ethical standards throughout our operations.

Industry Participation and Standards

We recognise the importance of working collaboratively across the energy and environmental sectors to drive systemic change. In FY24/25, we strengthened our external engagement and advocacy by joining both Energy UK, the UK's leading trade association for the energy industry, giving us a stronger voice in shaping the future of clean, flexible energy systems; and the Environmental Services Association (ESA), aligning ourselves with leading organisations committed to delivering a more circular economy and advancing environmental innovation. These memberships reinforce our commitment to high standards of governance, sustainability, and regulatory compliance and provide a platform for contributing to the development of policies and standards that impact the sectors we operate in.

Monitoring Impact and Managing Risk

We continue to evolve our measurement and reporting frameworks to reflect the increasing complexity of our growing operations.

In FY24/25, this included:

- Continued investment in digital transformation under Project Enterprise, including ERP renewal, asset and workforce planning enhancements and process automation, to strengthen operational resilience and ensure timely,



Key achievements during the year include:

- **Maintaining our EcoVadis Silver rating**, with an improved score of 72 (up from 69), reflecting progress in sustainability, business ethics, and responsible supply chain management.
- **Becoming a formal signatory to the UN Global Compact**, reinforcing our commitment to internationally recognised principles on human rights, labour, the environment, and anti-corruption.
- **Enhancing governance and compliance systems**, including rigorous reviews of ESG and operational risk registers, improved documentation control, and strengthened oversight of Principal Designer responsibilities under CDM and the Building Safety Act.
- **Investing in leadership development**, including our Future Leaders Board, continued delivery of our Emerging Leaders programme, and the launch of our formal Graduate Scheme.

- compliance and performance data for agile decision-making
- Completion of a comprehensive assessment of all business activities against the full suite of UN SDG targets, identifying both positive contributions and areas of potential adverse impact to inform future ESG strategy and stakeholder engagement.
- A shift to group-level SECR reporting, improving the accuracy and completeness of our energy and carbon disclosures.
- Expansion of our GHG inventory boundaries across O&M, ESCo, and generation activities to reflect the full scope of our value chain impacts.
- Establishment of cross-functional ESG working groups to improve data quality, lifecycle risk management, and audit readiness.

These efforts support a more robust, evidence-based approach to ESG performance and regulatory alignment.



Key risks and uncertainties

The external environment in which we operate remains dynamic, shaped by shifting policy signals, macroeconomic conditions and evolving market standards. Our response continues to focus on disciplined execution, prudent financial management and active engagement with stakeholders, so that we remain resilient while supporting customers through the energy transition.

Government policy plays a pivotal role in building stakeholder and investor confidence as well as supporting the growth of schemes to help communities decarbonise. We welcome the direction set out in the Warm Homes Plan and remain committed to working constructively with DESNZ and other stakeholders. Although some schemes may be subject to change or delay, the renewal of the Green Heat Network Fund and the extension of the Scottish Heat Network Fund to 2030 provide a positive signal. Our approach prioritises collaboration with central government, devolved governments and local authorities to ensure our propositions align with regional priorities and funding opportunities.

We also recognise that market quality plays a crucial role in shaping investor confidence and the pace of sector-wide delivery. In some areas of our industry, challenges around techno-economic modelling and assumptions have impacted outcomes. We aim to contribute positively by maintaining rigorous due diligence, validating inputs independently, and maintaining full transparency for customers and funders. Through our work on industry standards, we support collective efforts to strengthen project appraisal and delivery across the sector.

Attracting and retaining the right skills remains central to performance and safe delivery, particularly in disciplines such as electrical engineering and construction where the labour market is tight. We are investing in capability through leadership programmes, a structured Graduate Scheme and apprenticeships, partnerships

with educational organisations and initiatives to widen the talent pool. We are also trialling flexible working where it can support retention and productivity, while strengthening succession planning and knowledge transfer. Macroeconomic and supply dynamics continue to affect affordability and programme scheduling. Movements in inflation (including wage inflation), commodity prices (notably steel, copper and aluminium), interest rates and foreign exchange rates influence project economics and customer decision-making. In parallel, the green transition increases reliance on critical minerals, where global competition, processing constraints and trade frictions can elevate input costs and extend manufacturing and logistics lead-in times for technologies including solar panels, heat pumps, batteries and power electronics.

and recycling/secondary-sourcing initiatives, alongside disciplined pricing and indexation where contract structures allow. Our due diligence processes, supplier screening and alignment with frameworks such as the UN Global Compact and the Modern Slavery Act remain central to managing these human rights risks. Operational, cybersecurity, financial and reputational risks are managed through our established frameworks and alignment with recognised standards, including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 27001 (Information Security Management System) and ISO 45001 (Occupational Health & Safety). This includes robust project controls and HSE systems, supply chain qualification and oversight, layered cybersecurity and audit, conservative leverage and liquidity management,

"Our balanced portfolio, disciplined governance and continued investment in people and partnerships position us to navigate uncertainty."

Many of these raw materials are sourced from regions with a heightened risk of forced labour and modern slavery, creating additional ethical and compliance challenges for our supply chain. We are mitigating these pressures through value engineering and material substitution where appropriate, early procurement of long-lead items, long-term arrangements with original equipment manufacturers (OEMs), supplier and geographic diversification, targeted buffer stocks

and clear ethical standards for partners and suppliers. The Board oversees principal risks within defined appetites, supported by regular reviews of the Group risk register, scenario and sensitivity analysis, and ongoing assurance over mitigations. Overall, while policy signals and market conditions remain fluid, our balanced portfolio, disciplined governance and continued investment in people and partnerships position the Group to navigate uncertainty and support long-term value creation.



Future developments and innovations

We are building a future-ready business through strategic investment in innovation, asset ownership, and organisational transformation. We are embedding new systems, tools, and ways of working that strengthen delivery capability and unlock long-term value.

At the heart of this is our integrated Energy and Asset Management (EAM) approach, combining digital platforms, AI-enabled maintenance, and real-time analytics to optimise performance, reduce lifecycle costs, and enhance system resilience.

Through our Project Enterprise programme, we are implementing a new ERP platform and coordinated digital systems for workforce planning and asset management, improving data flow, streamlining operations, and enabling agile decision-making across the business. This transformation is grounded in cross-functional collaboration, with programme structures that integrate design, delivery, EAM, and digital teams. It also includes the adoption of a construction-grade digital solution that digitises health and safety workflows, improves workforce coordination, and enhances on-site compliance and visibility across project delivery.

Our market pipeline stands at approximately £2.5 billion, with strong visibility over medium-term growth. We are progressing large, multi-stakeholder programmes across priority sectors such as transport, healthcare, education, and industry, as well as city-scale and regional heat networks. Flagship schemes at Gatwick Airport, Liverpool City Region, and the expanding Leeds PIPES network demonstrate our capability to deliver complex, integrated

infrastructure at scale. We continue to play a leading role in shaping UK clean heat policy through active engagement with DESNZ, HeatNIC, Scottish Renewables, and others. In FY24/25, we made significant contributions to the development of heat network zoning policy in England and Wales and are sharing practical delivery insights to inform Scotland's regulatory approach. With our partners, we are supporting innovations that reduce capital and operating costs, improve affordability, strengthen supply chains, and accelerate the transition to low-carbon heat.

Our development-led portfolio continues to expand, including the transformation of the former Berkeley nuclear laboratories in Gloucestershire. A planning application has been submitted to double the facility's footprint to 600,000 sq ft and widen its capability while we concurrently develop its long-term energy strategy, including potential integration with the nearby Oldbury site owned by Great British Nuclear. Yorkshire Energy Park, another key investment, benefits from Freeport support and is attracting R&D and data centre occupiers aligned with the UK's industrial growth policies.

We are leading the delivery of resilient, low-carbon energy infrastructure to serve these energy-intensive occupiers.

We are also expanding our presence in the Energy-from-Waste (EfW) sector, which supports circular economy goals, reduces landfill emissions, and provides secure, local, low-carbon energy. Following the successful takeover of our Drakelow EfW plant, we are optimising operations to enhance productivity and returns. Shortly after year-end, we successfully concluded a £175m bond issuance to support our re-engineering and full acquisition of the Port Clarence EfW facility, converting it from mothballed biomass use to a viable RDF operation, delivering high-quality, long-term revenue and asset value. EfW assets also support strategic integration



KEY STATS

£2.5bn+

FUTURE PIPELINE



with heat networks, as evidenced through Leeds PIPES, the Torry Heat Network in Aberdeen, and Newhurst in Leicestershire.

Our robust ESG framework plays an increasingly important role in securing investment for client schemes and supporting our own growth as an asset owner. We don't just talk about sustainability, we demonstrate it through credible, data-led action. With a Greenly Silver rating for carbon reporting, an EcoVadis Silver rating placing us in the top 15% of companies assessed globally, and a strategy aligned with the UN Global Compact, we've built an approach that meets investor expectations on transparency, risk, and credible transition planning. This has enabled strong relationships with investors and positions ESG as a key value driver for our future.

Innovation remains central to our strategy. Our heat pump R&D and collaboration with the University of Birmingham combines technical efficiency with a cost-competitive commercial model and has the potential to deliver low-cost electrified heat to end-users at or near parity with gas systems.

Across our portfolio, we continue to invest in systems, partnerships, and innovations that will accelerate the transition to net zero and create long-term value for our clients, communities, and investors.



KEY PARTNERSHIPS



UNIVERSITY OF
BIRMINGHAM



Department for
Energy Security
& Net Zero



scottish
renewables

Heat Networks
Industry Council



Section 172(1) statement

"Protecting our planet for future generations" is at the core of our business strategy and governance. Our board is committed to making decisions that advance the long-term success of the company for the benefit of our stakeholders, always with our core purpose in mind. This statement outlines how the board considers the factors in Section 172 of the Companies Act 2006.

STAKEHOLDER CONSIDERATIONS

We believe that building strong relationships with our key stakeholders is fundamental to our long-term value creation.

EMPLOYEES:

Our people are the driving force behind our success. We are dedicated to fostering a culture of empowerment, diversity, and professional growth, ensuring our employees feel valued and supported. By actively seeking their input and providing comprehensive training, we equip our team with the skills necessary to innovate and thrive within the dynamic sustainable energy sector.

CUSTOMERS:

We view our customers as partners in the transition to a sustainable future. We are committed to delivering exceptional service and innovative solutions that not only meet their evolving energy needs but also support their own sustainability objectives. Our goal is to be their trusted provider for holistic energy solutions, from initial generation to final consumption.

SUPPLIERS:

We recognise that a responsible supply chain is essential to our environmental and ethical commitments. We actively collaborate with partners who share our values on sustainability and ethical

sourcing. Our prompt and fair payment practices, detailed in our Payment Practice Report, underscore our commitment to building strong, reliable relationships.

COMMUNITY:

Our engagement with local and wider communities is a fundamental part of our social purpose. Through our impactful Climate Education programme, we inspire the next generation by providing valuable insights into climate change and sustainable energy careers. We also empower our employees through volunteering days and other community investments, ensuring we deliver meaningful social value wherever we operate.

INVESTORS:

We are dedicated to maintaining transparent and consistent communication with our investors, providing them with timely information on our performance and strategic direction. Our commitment to strengthening the company's financial foundation was highlighted shortly after the year-end through the successful raising of a £175m bond in the Nordic bond market in August 2025. This significant transaction provides substantial long-term liquidity and reinforces investor confidence in our vision and long-term growth strategy.



LONG-TERM CONSEQUENCES

As a developer and asset owner in the renewable energy sector, our decisions are guided by a strategic imperative to build a resilient and sustainable business. We assess the long-term consequences of every action, considering:

SUSTAINABILITY:

Our investments and operations are inherently focused on promoting energy efficiency, developing renewable energy sources, and minimising our carbon footprint to advance the UK's Net Zero Pathway.

FINANCIAL STABILITY:

We actively manage and mitigate against risks to ensure robust financial health and liquidity, enabling us to continue investing in pioneering sustainability initiatives.

INNOVATION:

We are committed to continuous investment in technology and intellectual property, ensuring we remain at the forefront of the industry and offer market-leading solutions.

MARKET TRENDS:

We proactively anticipate and adapt to changing market dynamics, positioning the company to capitalise on emerging opportunities in the energy transition.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our commitment to Corporate Social Responsibility is integrated into our operations and reflects our dedication to a wider social purpose.

EDUCATION AND SKILLS DEVELOPMENT:

Our educational engagement has reached over 10,000 students this year, while our apprenticeship and training schemes ensure we attract and nurture future talent for the industry.

COMMUNITY INVESTMENT:

We provide ongoing support to our local communities through sponsorships and impactful projects, such as Manchester South Foodbank, Leeds and Salford NHS Children's Hospital, Ronald McDonald House Charity and Lancaster West

Neighbourhood Residents Team.

EMPLOYEE ENGAGEMENT:

We encourage employee-led charitable efforts, which have raised over £163,000 for various causes, and support a culture of giving by offering two dedicated volunteering days per year.

SUSTAINABLE PRACTICES:

We actively prioritise working with local suppliers and investing in renewable energy solutions to reduce our environmental footprint across all our activities.



CONCLUSION

By aligning our core business activities with a **responsible and purpose-driven approach**, we are well-positioned to drive long-term value for our stakeholders. This approach is central to our strategy and ensures we are contributing to a more sustainable and equitable future.

ON BEHALF OF THE BOARD

Mr G J Fielding, Chairman

17th December 2025

VITAL ENERGI UTILITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2025

The directors present their report and the financial statements for the year ended 30 June 2025.

Results and dividends

The profit for the year, after taxation, amounted to £10,716k (2024: £8,804k).

A dividend of £Nil was paid in the year (2024: £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
Mrs D M Whitelock (resigned 1 April 2025)

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.

VITAL ENERGI UTILITIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2025

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

The company is a leading innovator in efficient energy provision and a catalyst for the development of new and sustainable ways of supplying the heat and power the UK needs while at the same time contributing towards the government's published emission reduction targets and net zero strategy. The company incurred research and development expenditure of £275k (2024: £487k).

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

Disabled employees

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 company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Engagement with employees

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about 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 company's performance.

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.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings or leasing arrangements.

The management objectives are to:

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the 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 company's cash flows.

VITAL ENERGI UTILITIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2025**

Financial risk management objectives and policies (continued)

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.

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, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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



Mr G J Fielding
Director

Date: 17/12/2025

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 2025 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 2025 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.

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

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 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGI UTILITIES LIMITED
(CONTINUED)**

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: 18/12/25

VITAL ENERGI UTILITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

		Asset build 2025 £000	Core 2025 £000	Total 2025 £000	<i>Asset build 2024 £000</i>	<i>Core 2024 £000</i>	<i>Total 2024 £000</i>
	Note						
Turnover	4	17,900	227,004	244,904	10,733	210,228	220,961
		<u>17,900</u>	<u>227,004</u>	<u>244,904</u>	<u>10,733</u>	<u>210,228</u>	<u>220,961</u>
Cost of sales		(17,609)	(201,178)	(218,787)	(10,733)	(183,656)	(194,389)
		<u>291</u>	<u>25,826</u>	<u>26,117</u>	<u>-</u>	<u>26,572</u>	<u>26,572</u>
Gross profit							
Administrative expenses				(20,883)			(19,536)
Exceptional administrative expenses	5			(784)			(439)
Share-based payment charge				(752)			(642)
Other operating income	6			2,912			442
Operating profit	7			<u>6,610</u>			<u>6,397</u>
Interest receivable and similar income	11			8,435			6,640
Interest payable and similar expenses	12			(780)			(1,147)
Profit before tax				<u>14,265</u>			<u>11,890</u>
Tax on profit	13			(3,549)			(3,086)
Profit for the financial year				<u><u>10,716</u></u>			<u><u>8,804</u></u>

There were no recognised gains and losses for 2025 or 2024 other than those included in the Statement of Comprehensive Income.

The notes on pages 29 to 55 form part of these financial statements.

VITAL ENERGI UTILITIES LIMITED
REGISTERED NUMBER:04050190

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	14	2,485	1,347
Tangible assets	15	5,442	4,007
Investments	16	-	3
		<u>7,927</u>	<u>5,357</u>
Current assets			
Stocks	17	27,777	17,789
Debtors: amounts falling due after more than one year	18	80,536	58,568
Debtors: amounts falling due within one year	18	89,915	84,644
Cash at bank and in hand		42,928	36,491
		<u>241,156</u>	<u>197,492</u>
Creditors: amounts falling due within one year	19	(153,193)	(116,338)
Net current assets		<u>87,963</u>	<u>81,154</u>
Total assets less current liabilities		<u>95,890</u>	<u>86,511</u>
Creditors: amounts falling due after more than one year	20	(18,147)	(20,551)
Provisions for liabilities			
Deferred tax	23	(1,201)	(886)
Net assets		<u><u>76,542</u></u>	<u><u>65,074</u></u>
Capital and reserves			
Other reserves	25	2,373	1,621
Profit and loss account	25	74,169	63,453
Total equity		<u><u>76,542</u></u>	<u><u>65,074</u></u>

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



Mr G J Fielding

Director

Date: 17/12/2025

The notes on pages 29 to 55 form part of these financial statements.

VITAL ENERGI UTILITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Share capital £000	Own shares £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 July 2023	-	(4)	979	54,653	55,628
Comprehensive income for the year					
Profit for the year	-	-	-	8,804	8,804
Total comprehensive income for the year	-	-	-	8,804	8,804
Contributions by and distributions to owners					
Other movements	-	4	-	(4)	-
Capital contribution	-	-	642	-	642
Total transactions with owners	-	4	642	(4)	642
At 1 July 2024	-	-	1,621	63,453	65,074
Comprehensive income for the year					
Profit for the year	-	-	-	10,716	10,716
Total comprehensive income for the year	-	-	-	10,716	10,716
Contributions by and distributions to owners					
Capital contribution	-	-	752	-	752
Total transactions with owners	-	-	752	-	752
At 30 June 2025	-	-	2,373	74,169	76,542

The notes on pages 29 to 55 form part of these financial statements.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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 when 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); 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 2025 and these financial statements may be obtained from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.4 Going concern

In determining that the entity is a going concern, the directors have reviewed financial projections for the year ending June 2026 and forecasts for the period ending June 2027. 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 2026 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 2027. 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 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 £14m and had net current assets at the year-end of £88m.

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.

2.5 Foreign currency translation

Functional and presentation currency

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

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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.5 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'.

2.6 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.

2.7 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.

2.8 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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.9 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. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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.

2.10 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.

2.11 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.

2.12 Interest income

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

2.13 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.

2.14 Borrowing costs

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

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.15 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.

2.16 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.17 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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.18 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.

2.19 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.20 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.

2.21 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.22 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.

2.23 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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.24 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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.24 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, bank loans 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.

2.25 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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Accounting policies (continued)

2.26 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.

2.27 Equity instruments

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

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

Construction contracts

In producing the financial statements, the directors have taken judgements and made estimates relating 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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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.

Investments and other debtors (see notes 16 & 18)

The directors have evaluated the carrying value of investments and other debtors at the end of the period for potential impairment indicators, as mandated by FRS102. Based on this assessment, they have determined that an impairment test is not necessary as at 30 June 2025. Vital Energi Group's strategic shift from a predominantly "Design and Build" approach to an "Energy Asset Owner" model involves securing long-term energy supply contracts (typically 25-40 years). While initially capital-intensive, this strategy enhances profitability predictability, mitigates market volatility, and increases overall group value. The company's investments, whether in equity or loans, support this strategic direction. The ultimate goal is to become the long-term energy supplier for each project involved. While there may be additional benefits from equity stakes, the primary focus remains on energy supply.

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

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

Other borrowings (see note 19 & 20)

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.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4. Turnover

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

	2025 £000	2024 £000
Energy generation and distribution schemes - Core	227,004	210,228
Energy generation and distribution schemes - Asset build	17,900	10,733
	<u>244,904</u>	<u>220,961</u>

Analysis of turnover by country of destination:

	2025 £000	2024 £000
United Kingdom	<u>244,904</u>	<u>220,961</u>

Turnover and related cost of sales have been presented to separately reflect the core operations and asset build operations with Vital Energi (Drakelow) Limited as the directors consider this presentation is required to facilitate an understanding of the composition of the gross margin. During the year there were also related turnover (£3,453,180, 2024: £Nil) and cost of sales (£3,280,521, 2024: £Nil) relating to Seaham Garden Project. During the year there were also related turnover (£789,724, 2024: £Nil) and cost of sales (£671,267, 2024: £Nil) relating to Newhurst ERF Project.

5. Exceptional items

	2025 £000	2024 £000
Exceptional items	<u>784</u>	<u>439</u>

Included within exceptional costs in the year is £772k in respect of redundancy costs for staff and senior individuals and £3k legal fees in respect of an IP Infringement and £6,994 in respect of the disposal of a subsidiary company and £2k in respect to company Share Option Plans (CSOP) accounting costs. The directors consider these costs to be non-recurring due to the fact that they are one off in nature. As such, the costs of overlap periods have been classified as exceptional.

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

6. Other operating income

	2025	<i>2024</i>
	£000	<i>£000</i>
Government grants receivable	183	<i>169</i>
Research and Development Expenditure Credit	228	<i>273</i>
Management charges	2,501	<i>-</i>
	2,912	<i>442</i>

During the 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/(crediting):

	2025	<i>2024</i>
	£000	<i>£000</i>
Research & development charged as an expense	275	<i>487</i>
Exchange differences	3	<i>(103)</i>
Depreciation of owned tangible fixed assets	720	<i>554</i>
Depreciation of tangible fixed assets held under finance leases	145	<i>151</i>
Amortisation of intangible assets	360	<i>218</i>
Operating lease charges	3,658	<i>3,066</i>
Research and Development Expenditure Credit	(228)	<i>(273)</i>
Government grants	(183)	<i>(169)</i>

8. Auditor's remuneration

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

	2025	<i>2024</i>
	£000	<i>£000</i>
Fees payable to the company's auditor and its associates for the audit of the company's financial statements	40	<i>35</i>
Fees payable to the company's auditor:		
Taxation compliance services	3	<i>3</i>
All non-audit services	5	<i>6</i>

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

9. Employees

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

	2025	<i>2024</i>
	£000	<i>£000</i>
Wages and salaries	44,338	<i>36,492</i>
Social security costs	5,197	<i>4,081</i>
Cost of defined contribution scheme	2,093	<i>1,752</i>
Equity settled share based payments	752	<i>642</i>
	52,380	<i>42,967</i>

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

	2025	<i>2024</i>
	£000	<i>£000</i>
Number of direct staff	521	<i>450</i>
Number of indirect staff	201	<i>176</i>
	722	<i>626</i>

10. Directors' remuneration

	2025	<i>2024</i>
	£000	<i>£000</i>
Directors' emoluments	1,908	<i>1,807</i>
Company contributions to defined contribution pension schemes	119	<i>112</i>
	2,027	<i>1,919</i>

During the year retirement benefits were accruing to 6 directors (2024: 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £322k (2024: £318k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £25k (2024: £24k).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £Nil (2024: £Nil).

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

11. Interest receivable

	2025	<i>2024</i>
	£000	<i>£000</i>
Bank interest receivable	1,053	<i>1,129</i>
Other interest receivable	7,382	<i>5,511</i>
	<u>8,435</u>	<u><i>6,640</i></u>

Included in other interest income is £5,729k (2024: £5,151k) of interest from group undertakings. Interest is charged at 3.25% and 12% per annum on the outstanding amounts.

12. Interest payable and similar expenses

	2025	<i>2024</i>
	£000	<i>£000</i>
Bank interest payable	-	<i>169</i>
Finance leases and hire purchase contracts	285	<i>123</i>
Other interest payable	495	<i>855</i>
	<u>780</u>	<u><i>1,147</i></u>

Included in other interest expense is £495k (2024: £228k) of interest to group undertakings. Interest is charged at 3.25% per annum on the outstanding amounts.

Included in other interest expense is £Nil (2024: £627k) is the write off of forfeited interest to mitigate the financial risk of the termination of a project. See note 18 for further details.

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

13. Taxation

	2025	<i>2024</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	-	849
Adjustments in respect of previous periods	(34)	<i>(440)</i>
Group taxation relief	3,268	<i>2,147</i>
Total current tax	3,234	<i>2,556</i>
Deferred tax		
Origination and reversal of timing differences	267	<i>76</i>
Changes to tax rates	48	<i>454</i>
Total deferred tax	315	<i>530</i>
Total tax charge	3,549	<i>3,086</i>
Factors affecting tax charge for the year		

The tax assessed for the year is lower than (*2024: higher than*) the standard rate of corporation tax in the UK of 25.00% (*2024: 25.00%*). The differences are explained below:

	2025	<i>2024</i>
	£000	<i>£000</i>
Profit on ordinary activities before tax	14,265	<i>11,890</i>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.00% (<i>2024: 25.00%</i>)	3,566	<i>2,973</i>
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	19	<i>163</i>
Adjustments in respect of prior years	(34)	<i>(440)</i>
Group relief	(3,268)	<i>(2,147)</i>
Research and development tax credit	(57)	<i>(68)</i>
Other permanent differences	7	<i>4</i>
Deferred tax adjustments in respect of prior years	48	<i>454</i>
Payment for group relief	3,268	<i>2,147</i>
Total tax charge for the year	3,549	<i>3,086</i>

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

14. Intangible assets

	Software £000	Development costs £000	Goodwill £000	Total £000
Cost				
At 1 July 2024	57	1,518	414	1,989
Additions	-	1,498	-	1,498
At 30 June 2025	57	3,016	414	3,487
Amortisation				
At 1 July 2024	57	422	163	642
Charge for the year on owned assets	-	338	22	360
At 30 June 2025	57	760	185	1,002
Net book value				
At 30 June 2025	-	2,256	229	2,485
At 30 June 2024	-	1,096	251	1,347

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

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

15. Tangible fixed assets

	Plant and machinery £000	Equipment £000	Total £000
Cost or valuation			
At 1 July 2024	4,615	3,723	8,338
Additions	948	1,352	2,300
Disposals	(33)	(1,055)	(1,088)
At 30 June 2025	5,530	4,020	9,550
Depreciation			
At 1 July 2024	1,560	2,771	4,331
Charge for the year on owned assets	323	542	865
Disposals	(33)	(1,055)	(1,088)
At 30 June 2025	1,850	2,258	4,108
Net book value			
At 30 June 2025	3,680	1,762	5,442
At 30 June 2024	3,055	952	4,007

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

	2025 £000	<i>2024 £000</i>
Plant and machinery	2,204	2,349

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

16. Fixed asset investments

	Investments in subsidiary companies £000
At 1 July 2024	3
Disposals	(3)
At 30 June 2025	-
Net book value	
At 30 June 2025	-
At 30 June 2024	3

17. Stocks

	2025 £000	2024 £000
Work in progress	27,777	17,789

During the year, an impairment loss was recognised in respect of the write off of stock of £Nil (2024: £280k) within cost of sales. No earlier stock write downs have been reversed during the current, or preceding year.

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

18. Debtors

	2025 £000	2024 £000
Due after more than one year		
Amounts owed by group undertakings	62,771	53,959
Other debtors	17,764	4,609
	80,535	58,568
Due within one year		
Trade debtors	19,461	12,012
Amounts owed by group undertakings	21,571	28,929
Gross amounts owed by contract customers	35,843	26,628
Other debtors	6,891	5,812
Prepayments and accrued income	5,087	9,980
Tax recoverable	1,062	1,283
	89,915	84,644
	170,450	143,212

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

Included in gross amounts owed by contract customers are retentions of £13,091k (2024: £13,257k) which are due from customers over a period of 1 to 4 years. The amounts falling due in more than 1 year are £3,960k (2024: £3,054k).

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

Amount outstanding 2025	Amount outstanding 2024	Interest terms	Repayment dates	Terms and conditions
£46,430,000	£41,500,000	12% per annum, charged monthly	27 January 2053 or any other date agreed between by both parties.	No further terms.
£8,232,000	£4,800,000	12% per annum, charged monthly	31 December 2026 or such date as may be determined by a resolution of the directors.	No further terms.
£8,109,000	£7,700,000	3.25% per annum	31 December 2026 or such date as may be determined by a resolution of the directors.	No further terms.

The remainder of amounts owed by group undertakings are interest free and repayable on demand.

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

18. Debtors (continued)

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

Amount outstanding 2025	Amount outstanding 2024	Interest terms	Repayment dates	Terms and conditions
£Nil	£1,000,000	12% per annum	31 May 2025	During the prior year, the recipient of the loan entered into a company voluntary arrangement, as such the company wrote off forfeited interest of £438,000 to mitigate the financial risk of the termination of the project. The principal amount of the loan remained outstanding at 30 June 2023 and was repaid on 18 November 2024.
£1,816,168	£1,278,000	8.19% per annum	29 May 2024	No further terms.
£Nil	£1,474,000	20% per annum	31 August 2024	No further terms.
£505,412	£430,000	10% (2024: 10%) per annum from the first anniversary of the agreement, being 30 September 2022	31 May 2025	On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest is now charged is 10% per annum. The loan is due for repayment by 31 March 2026. See note 29 for further detail.
£2,651,979	£2,450,000	10% per annum, charged quarterly	The loan is due for repayment no less than 1 month after which there payment notice is given	The directors do not intend to issue are payment notice within the next 12 months, therefore the amount has been classified as due more than one year. See note 29 for further detail.
£177,710	£172,000	10% (2024: 10%) per annum, charged monthly	31 March 2026	On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest was charged is 10% per annum. The loan is due for repayment by 31 March 2026. Management determined the changes to the terms were not substantial and this was treated as a modification to the original loan in the prior year.
£187,496	£140,000	10% per annum	1 April 2026	See note 29 for further details.
£91,449	£Nil	0%	On demand	
£282,083	£Nil	10%	On demand	

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

18. Debtors (continued)

Amount outstanding 2025	Amount outstanding 2024	Interest terms	Repayment dates	Terms and conditions
£781,870	£417,000	10% per annum		The loan is due for repayment on the earlier of, the date on which the project closes, the date of sale or disposal of twenty five or more percent of the equity share capital, or on demand by 10 September 2029.

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

Amount outstanding 2025	Amount outstanding 2024	Interest terms	Repayment dates	Terms and conditions
£Nil	£1,000,000	12% per annum, charged monthly	15 September 2025	During the prior year, the recipient of the loan entered into a company voluntary arrangement, as such the company wrote off forfeited interest of £180,000 to mitigate the financial risk of the termination of the project. The principal amount of the loan remained outstanding at 30 June 2023 and was repaid on 18 November 2024.
£4,587,619	£Nil	7.95% per annum	30 April 2028	
£5,895,015	£Nil	7.50% per annum	30 April 2028	
£7,281,646	£Nil	10% per annum	10 September 2029	

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

19. Creditors: amounts falling due within one year

	2025	<i>2024</i>
	£000	<i>£000</i>
Trade creditors	25,896	<i>24,167</i>
Gross amounts owed to contract customers	1,252	<i>1,564</i>
Other taxation and social security	3,320	<i>1,514</i>
Obligations under finance lease and hire purchase contracts	396	<i>374</i>
Other creditors	1,833	<i>934</i>
Accruals and deferred income	117,655	<i>87,785</i>
Amounts owed to group undertakings	2,841	<i>-</i>
	153,193	<i>116,338</i>

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

Included in other creditors is an amount of £187k (*2024: £179k*) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 21). 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 £19,555k (*2024: £8,840k*) in respect of government grant income for the government's Heat Networks Investment Project. £183k (*2024: £169k*) of grant income was recognised in the year in respect of this project.

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

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

	2025	<i>2024</i>
	£000	<i>£000</i>
Other loans	3,756	<i>3,576</i>
Net obligations under finance leases and hire purchase contracts	1,179	<i>1,575</i>
Amounts owed to group undertakings	10,000	<i>12,000</i>
Other creditors	3,212	<i>3,400</i>
	18,147	<i>20,551</i>

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

Included in other creditors is an amount of £3,212k (*2024: £3,400k*) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 21). 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 £10,000k (*2024: £12,000k*) with interest charged at 3.25% per annum, charged monthly. The loans are repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

21. Loans

Analysis of the maturity of loans is given below:

	2025	<i>2024</i>
	£000	<i>£000</i>
Amounts falling due 1-2 years		
Other loans	3,756	<i>3,576</i>

Included in other loans is a balance of £3,756k (*2024: £3,576k*) which relates to a loan, received from Department for Energy Security and Net Zero (DESNZ). The loan is repayable in 51 six monthly instalments commencing June 2027 and carries interest of 0.01%. As noted in the accounting policies, the directors have assessed the balance as representing a financing transaction and have discounted the liability to present value using a 5% discount rate. As at 30 June 2025, the gross liability has been discounted by £3,399k (*2024: £3,579k*). The final repayment will be made in June 2052. No security is held in respect of this loan.

VITAL ENERGI UTILITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2025	<i>2024</i>
	£000	<i>£000</i>
Within one year	396	<i>374</i>
Between 1-5 years	1,179	<i>1,575</i>
	<u>1,575</u>	<i><u>1,949</u></i>

23. Deferred taxation

	2025	<i>2024</i>
	£000	<i>£000</i>
At beginning of year	(886)	<i>(356)</i>
Charged to profit or loss	(315)	<i>(530)</i>
At end of year	<u>(1,201)</u>	<i><u>(886)</u></i>

The provision for deferred taxation is made up as follows:

	2025	<i>2024</i>
	£000	<i>£000</i>
Fixed asset timing differences	(1,290)	<i>(930)</i>
Short term timing differences	89	<i>48</i>
Losses and other deductions	-	<i>(4)</i>
	<u>(1,201)</u>	<i><u>(886)</u></i>

24. Share capital

	2025	<i>2024</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
2 (2024: 2) Ordinary shares of £1.00 each	<u>-</u>	<i><u>-</u></i>

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

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

25. Reserves

The company's capital and reserves are as follows:

Other reserves

The other reserve relates to a capital contribution of £752k (2024: £642k) 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.

26. 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 £-k (2024: £-k). Contributions totalling £320k (2024: £291k) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 30 June 2025 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2025 £000	2024 £000
Not later than 1 year	2,896	3,012
Later than 1 year and not later than 5 years	5,714	4,427
Later than 5 years	1,377	2,012
	<u>9,987</u>	<u>9,451</u>

VITAL ENERGI UTILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

28. Related party transactions

Included in other creditors falling due within one year are amounts due to a director of £764k (2024: £12k). An amount of £7,502k (2024: £5,618k) was repaid and an amount of £7,802k (2024: £1,994k) was advanced during the year. Interest charged on the loan during the year was £Nil (2024: £Nil).

Included within other debtors due within one year is an amount of £2,652k (2024: £2,450k) due from a company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. Interest is charged at 10% per annum, charged monthly.

Included within other debtors due within one year is an amount of £505k (2024: £430k) due from a company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. Interest is charged at 10% (2024: 4%) from the first anniversary of the agreement, being 30 September 2022. The loan is due for repayment by 31 March 2026.

Included within other debtors due within one year is an amount of £187k (2024: £140k) due from a company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. Interest is charged at 10% per annum, charged monthly. The loan is due for repayment by 1 April 2026.

Included within other debtors due within one year is an amount of £782k (2024: £417k) with interest being charged at 10% per annum. The loan is due for repayment on the earlier of, the date on which the project closes, the date of sale or disposal of twenty five or more percent of the equity share capital, or on demand by 10 September 2029.

Included within other debtors due after more than one year is an amount of £7,282k with interest being charged at 10% per annum. The loan is due for repayment on 29th September 2029.

Included within other debtors due after more than one year is an amount of £4,588k with interest being charged at 7.95% per annum, charged monthly. The loan is due for repayment on 30th April 2028.

Included within other debtors due after more than one year is an amount of £5,895k with interest being charged at 7.50% per annum, charged monthly. The loan is due for repayment on 30th April 2025.

29. Subsequent events

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

30. Controlling party

The directors consider the immediate and ultimate parent company to be Vital Holdings Limited, a company incorporated in the United Kingdom. Vital Holdings Limited is the only undertaking preparing group accounts including the results of this company. The registered office of Vital Holdings Limited is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

Vital Holdings Limited is ultimately controlled by Mr G J Fielding and close family who controlled the majority of the issued share capital during this and the prior year.