30 July 2026

DRAX GROUP PLC (Symbol: DRX)

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

Delivering energy security, investing for growth

Six months ended 30 June	2026	2025
Key financial performance measures		
Adjusted EBITDA(1/2) (£ million)	279	460
Net debt(3) (£ million)	1,025	1,062
Adjusted basic EPS(1) (pence)	29.8	65.6
Dividend per share (pence)	12.9	11.6
Total financial performance measures		
Operating profit (£ million)	265	301
Profit before tax (£ million)	222	281

Drax Group CEO, Will Gardiner, said: "Drax has delivered a good performance in the first half. Our colleagues and supply chain partners have been working hard to help keep the lights on for millions of UK households and businesses through a period of acute geopolitical uncertainty and challenging weather.

"We are at a key moment in Drax's transition, investing to create a larger and broader portfolio with more MWs under management that can provide more power to the country when needed.

Over the years we have grown the business from a single-site biomass generator to a multi-site portfolio operating a broader range of generation technologies. Critically, through our growth plans for batteries, OCGTs and our Selby site, we are driving economic growth across the country, in alignment with the policy priorities of the UK Government.

We are also actively developing options for more renewables, including the proposed acquisition of Bluefield Solar Income Fund, and our trading and optimisation platform. Taken together we believe that these actions can support energy security and will increase the Group's generation capacity by around 85% compared to 2025.

As a result, we expect to increase our earnings, deliver value for our stakeholders, support growth and attractive returns for shareholders."

Highlights

- Good performance across the Group
  - High levels of renewable generation and system support – c.6% of UK power, 10% of UK renewables
  - First OCGT commissioned, operational and performing well – c.0.3GW capacity added to portfolio
  - Cruachan turbine upgrade progressing, work continuing to resolve grid access restriction
- Strong balance sheet
  - £630 million of cash and committed facilities, 1.3x Net debt to Adj. EBITDA
- Sustainable and growing dividend – interim dividend of 12.9 pence per share (H1-25: 11.6 pence per share)
  - Expected full year dividend up 11.0% to 32.2 pence per share (2025: 29.0 pence per share)
- Return of surplus capital beyond investment requirements – £48 million share buybacks(4)
  - Programme paused in view of proposed acquisition of Bluefield Solar Income Fund (BSIF)

2026 financial outlook

- FY-26 expectations for Adj. EBITDA in line with analyst consensus estimates(5)

Medium-term outlook: addition of c.0.7GW of BESS expected to deliver step change in Adj. EBITDA

- Targeting increased Adj. EBITDA of £650-800m in 2029
  - Includes Pellet Production, Biomass Generation, Flexgen(6) and 0.7GW of BESS developments expected to commission from 2027 onwards, supported by Flexitricity platform
  - Currently excludes any benefit associated with proposed acquisition of BSIF (expected to become effective on 31 July 2026) and other additional opportunities
- Adjusting cost base and resource in line with needs of new CfD contract, growth strategy and value creation
  - Continuing to target annual structural savings of >£150 million pa from 2027 vs. 2024 base

Opportunities for further growth and Adj. EBITDA development

- Proposed acquisition of BSIF for £561 million (enterprise value of c.£1,082 million)
  - 0.9GW of solar and wind, plus 2.9GW pipeline of BESS and solar, incl. c.0.5GW of solar with 15-to-20 year CfD
  - FY-25 EBITDA of c.£130 million and c.£118 million of operating free cash flow

- Process: on 24 July BSIF shareholders voted 99% in support of the proposed acquisition, and subject to the satisfaction or waiver of other pre-conditions and the sanction of the Scheme at a Court Hearing, the Scheme is currently expected to become effective on 31 July 2026
- Assessing opportunities for further investment in flexible generation and renewables
- Drax Power Station – options to utilise 4GW of grid access capacity
  - Developing options for data centre capacity – targeting submission of planning application in H2-26 to support a first phase of 100MW
  - Exploring options for additional system support services and generation

Maintaining disciplined capital allocation policy to support investment for growth and returns to shareholders
- Optionality underpinned by strong balance sheet
  - Credit ratings reiterated – S&P (BB + stable), Fitch (BB + stable) and DBRS (BBB low) – all post BSIF announcement
- Investment to maintain and grow asset base, targeting returns significantly in excess of WACC
- Sustainable and growing dividend – ten consecutive years of growth with average annual increase >11% pa
- Return of surplus capital beyond current investment requirements
  - >£1.2 billion returned via dividend and share buyback since 2017
- Total number of voting rights, excluding treasury shares, as at 29 July 2026 was c.337 million

Governance and sustainability
- Closure of FCA investigation related to certain historical statements regarding Drax's biomass sourcing and the compliance of Drax's 2021, 2022 and 2023 Annual Reports – no action taken
- MSCI AA rating (was A rating)
- CDP A rating for climate and forestry – top 4% of companies submitting disclosures
- SBTi targets to 2040 validated

Operating and financial review

Six months ended 30 June (£ million)	**2026**	**2025**
Adjusted EBITDA	**279**	**460**
Pellet Production	64	74
Biomass Generation	159	332
Pumped Storage and Hydro	*47*	*64*
Energy Solutions	*27*	*18*
OCGT	*4*	-
Flexitricity	*(1)*	-
Flexible Generation & Energy Solutions	77	81
Other Costs	(21)	(27)

Pellet Production – *US supply chain supporting UK energy security*
- Continued focus on operational improvement and efficiency
- Production of 1.9Mt (H1-25: 2.1Mt) reflects closure of Williams Lake in Canada and H2 weighted production aligned to Drax Power Station generation
- Reduction in Pellet Production Adj. EBITDA
  - US – progress with cost reduction resulting in lower Pellet Production revenues under established intercompany pricing methodology but lower biomass costs for Biomass Generation
  - Canada – good operational performance, constrained fibre market, lower margins
- Ongoing strategic review of Canadian operations

Biomass Generation – *UK energy security with dispatchable renewable generation and system support services*
- Reduction in Adj. EBITDA primarily reflects lower achieved power price versus H1-25
- Generation of 7.0TWh (H1-25: 7.1TWh) – reflects continuing system support role and buyback of forward sold positions to reallocate generation to expected higher value periods in H2-26
- Major planned outage underway on one unit, expected completion in August 2026

Flexible Generation & Energy Solutions (Flexgen) – *flexible generation and system support services*
- Pumped Storage and Hydro – strong underlying performance, inclusive of major planned and unplanned outages
  - Cruachan planned outage on units 3 and 4 – grid connection failure (December 2025) caused by assets owned by Scottish Power Energy Networks. Drax engaging with SPEN to restore the connection, expected in 2027
  - Work continues on a planned c.£80 million investment to refurbish and upgrade units 3 and 4. The programme is expected to continue through 2027 and will add 40MW of additional capacity and improve unit operations

- OCGTs
  - First unit (Hirwaun) commenced operations in May 2026, performing well
  - Remuneration via peak power generation, system support services and Capacity Market agreements
- Energy Solutions – performing well
  - Renewable power supply and services to industrial and commercial users
  - Route to market for c.2,000 embedded generators – c.800MW capacity
  - Continued development of system support services via demand-side response and electric vehicle services
- Flexitricity – acquired March 2026 for £36 million, net of cash acquired
  - Currently providing route to market services for c.0.9GW assets – primarily BESS and thermal
  - Expect to use proprietary optimisation platform to support BESS opportunities comprising (i) physical assets and (ii) the capability to optimise third-party assets with the provision of route to market, floor and tolling structures
- BESS – targeting GW-scale pipeline of BESS opportunities and optimisation capabilities
  - 710MW in development – physical assets and tolling agreements (Fidra and Zenobē projects, FID taken), expected operational in 2027 and 2028

Contracted generation position to Q1-27

- As at 28 July 2026, c.£1.1 billion of forward power sales between 2026 and 2028 on RO biomass, pumped storage and hydro, and OCGT assets – 13.8TWh at an average price of £82.7/MWh[(7/8)]

Contracted power sales as at 23 July 2026	**2026**	**2027**	**2028**
Net RO, hydro and gas (TWh)[(7)]	11.5	2.1	0.2
Average achieved £ per MWh[(8)]	83.4	80.0	70.5
CfD (TWh)[(9)]	3.4	0.8	-

- New CfD for biomass generation from April 2027 – hedged rateably in line with the season ahead index
  - Dispatch up to 2.6GW in line with system needs, capturing price volatility associated with growth of intermittent renewables

Other financial information

Capital investment

- Capital investment of £85 million (H1-25: £59 million)
  - Growth – £46 million – BESS, Pumped Storage and Hydro upgrades, and OCGTs
  - Maintenance and other – £39 million, including major planned outage at Drax Power Station
- FY-26 expected capital investment of c.£210-250 million, before BSIF
  - Growth – c.£100 million – BESS, Pumped Storage and Hydro upgrades, and OCGTs
  - Maintenance and other – c.£130 million – inclusive of major planned outage at Drax Power Station

Cash and balance sheet

- Cash generated from operations of £79 million (H1-25: £378 million)
  - Reflects lower Adj. EBITDA and net working capital increase primarily related to renewable certificates
- Net working capital outflow of £175 million (H1-25: £102 million)
- Net debt of £1,025 million (31 December 2025: £784 million), including cash and cash equivalents of £180 million (31 December 2025: £302 million)
- £450 million Revolving Credit Facility and €135 million term-loan extended to 2029
- Bridging facility agreed, drawdown subject to successful completion of proposed BSIF acquisition

Notes:

(1) Financial performance measures prefixed with "Adjusted/Adj." are stated after adjusting for exceptional items and certain remeasurements.

(2) Earnings before interest, tax, depreciation, amortisation, other gains and losses and impairment of non-current assets, excluding the impact of exceptional items and certain remeasurements, earnings from associates and earnings attributable to non-controlling interests.

(3) Net debt is calculated by taking the Group's borrowings, adjusting for the impact of associated hedging instruments, lease liabilities and subtracting cash and cash equivalents. Net debt excludes the share of borrowings, lease liabilities and cash and cash equivalents attributable to non-controlling interests. Borrowings includes external financial debt, such as loan notes, term-loans and amounts drawn in cash under revolving credit facilities. Net debt does not include financial liabilities such as pension obligations, trade and other payables, working capital facilities linked directly to specific payables that provide short extension of payment terms of less than 12 months and balances related to supply chain finance. Net debt includes the impact of any cash collateral receipts from counterparties or cash collateral posted to counterparties.

(4) c.£41 million of share buyback and c.£7 million of shares purchased to satisfy share-based payment arrangements.

(5) As of 23 July 2026, analyst consensus for 2026 Adj. EBITDA was £665 million, with a range of £643 – £681 million. The details of this consensus are displayed on the Group's website. Consensus is stated before the proposed acquisition of BSIF and Drax expects to provide further updates on the impact of BSIF on the outlook for 2026 in September 2026, subject to completion.
Consensus - Drax Global

(6) Excludes development expenditure and capital projects development.

(7) Presented net of cost of closing out gas positions at maturity and replacing with forward power sales.

(8) Includes de minimis structured power sales in 2026, 2027 and 2028 (forward gas sales as a proxy for forward power), transacted for the purpose of accessing additional liquidity for forward sales and highly correlated to forward power prices.

(9) CfD strike price, c.£142/MWh (Apr-25 to Mar-26) and c.£147/MWh (Apr-26 to Mar-27).

Forward Looking Statements

This announcement may contain certain statements, expectations, statistics, projections and other information that are, or may be, forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans, beliefs, and objectives for the management of future operations of Drax Group plc ("Drax") and its subsidiaries ("the Group"), are not warranted or guaranteed. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Although Drax believes that the statements, expectations, statistics and projections and other information reflected in such statements are reasonable, they reflect Drax's current view and no assurance can be given that they will prove to be correct. Such events and statements involve risks and uncertainties. Actual results and outcomes may differ materially from those expressed or implied by those forward-looking statements.

There are a number of factors, many of which are beyond the control of the Group, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These include, but are not limited to, factors such as: future revenues being lower than expected; increasing competitive pressures in the industry; uncertainty as to future investment and support achieved in enabling the realisation of strategic aims and objectives; and/or general economic conditions or conditions affecting the relevant industry, both domestically and internationally, being less favourable than expected, including the impact of prevailing economic and political uncertainty; the impact of conflicts around the world; the impact of cyber-attacks on IT and systems infrastructure (whether operated directly by Drax or through third parties); the impact of strikes; the impact of adverse weather conditions or events such as wildfires; and changes to the regulatory and compliance environment within which the Group operates. We do not intend to publicly update or revise these projections or other forward-looking statements to reflect events or circumstances after the date hereof, and we do not assume any responsibility for doing so.

Webcast arrangements

Management will host a webcast presentation for analysts and investors at 9:00am (UK time) on Thursday 30 July 2026.

The presentation can be accessed remotely via a live webcast link, as detailed below. After the meeting, the webcast recording will be made available and access details of this recording are also set out below.

A copy of the presentation will be made available from 7:00am (UK time) on Thursday 30 July 2026 for download at: https://www.drax.com/investors/announcements-events-reports/presentations/

Event Title:	Drax Group plc – Half Year Results 2026
Event Date:	Thursday 30 July 2026
	9:00am (UK time)
Webcast Live Event Link:	https://secure.emincote.com/client/drax/drax034
Conference call and pre-register Link:	https://secure.emincote.com/client/drax/drax034/vip_connect

For further information please contact: Christopher.Laing@fticonsulting.com

Website:	www.drax.com

CEO's review

Introduction

Energy security, affordability, and decarbonisation remain dominant global themes. At Drax we are continuing to play our part in addressing these issues through the provision of the reliable renewable electricity, flexibility and system support services that the UK grid needs.

At the end of 2025, we outlined a programme for investment of c.£2 billion into flexible and renewable energy, as part of a strategy to increase the MWs we control, scaling the business and in doing so helping to address the energy trilemma, whilst supporting UK economic growth and creating value for our stakeholders.

The investment window for this programme remains 2025 to 2031, using the strong cash flows we expect to generate from the existing business. Over the last eight months we have made tremendous progress, adding 710MW of BESS developments (a balance sheet commitment of c.£0.5 billion) and the proposed acquisition of Bluefield Solar Income Fund (BSIF), which would, if completed, add 0.9GW of solar and onshore wind, and a pipeline of 2.9GW (equity value of £561 million and an enterprise value of c.£1.1 billion). These developments have the potential to be transformative for the Group, and when taken together with our existing investments in OCGTs would increase the Group's generation capacity by c.85% compared to 2025 – adding over 200 sites across England, Scotland, Wales and Northern Ireland – and in doing so making Drax a business predominantly focused on flexible generation and solar and wind.

The combination of flexible generation, solar and wind, and biomass generation is operationally attractive, with more assets in more locations providing more services to support the UK energy system and in doing so creating further opportunities to grow and create value. This portfolio of distinct but complementary asset classes can, we believe, reduce risk, with improved earnings quality and more predictable cash flows which can support improved returns to shareholders.

In addition, we are continuing to develop options to fully utilise the 4GW of grid connection capacity at the Drax Power Station site, including a potential option for a c.100MW data centre (with the planning application for this expected to be submitted in H2 2026), with an ambition to add an additional 500MW by 2031 with further expansion ambition beyond.

These opportunities are built on a strong balance sheet, with a capital allocation policy which is unchanged since 2017 and structured to support the development of the Group. The business is generating significant free cash flow and stands ready to invest in our strategy and opportunities to create value from our asset base, and will continue disciplined capital allocation, as we seek to maximise shareholder value.

Reflecting our prioritisation of balance sheet strength and the developing opportunities for growth, including the potential acquisition of BSIF, we have paused our share buyback programme.

Summary of H1 2026

Adjusted EBITDA of £279 million reflects a good performance across the portfolio, which reflects lower achieved power prices and is inclusive of planned and unplanned outage work in our pumped storage business (Cruachan). The two available units at Cruachan have performed strongly, which reflects the need for greater flexibility on the system, in addition to high levels of power generation across the Group to support energy security.

Our balance sheet is strong, with total cash and committed facilities of £630 million and Net debt of £1,025 million. Net debt to Adjusted EBITDA on a last twelve-month basis is 1.3 times, significantly below our long-term target of around 2 times, before the proposed acquisition of BSIF. In June, following the announcement of the proposed acquisition of BSIF, S&P, Fitch and DBRS reiterated their ratings (BB + stable, BB + stable and BBB low respectively), noting reduced business risk.

We expect to propose a dividend for the 2026 financial year of 32.2 pence per share, an 11% increase on 2025. We see the dividend as a cornerstone of our capital allocation policy and are committed to paying a dividend that is sustainable and expected to grow as we progress our strategy. As has been our practice since we implemented the policy in 2017, 40% of the expected full year dividend will be paid for the first six months of 2026, being 12.9 pence per share. Over the period since 2017, the average annual growth rate in the dividend per share has been c.11%.

In addition to returns to shareholders via dividends, the Group has remained focused on shareholder value, with £48 million returns to shareholders via a share buyback programme and purchased to satisfy share-based payment arrangements.

Flexible Generation (Flexgen)

<u>Pumped Storage and Hydro</u>

Adjusted EBITDA was £47 million (H1-25: £64 million), primarily reflecting a failure of the grid connection caused by assets owned by Scottish Power Energy Networks (SPEN) at Cruachan Power Station at the end of 2025 which resulted in an unplanned outage on two of the four units. We are working with SPEN to resolve the issue, but the outage is expected to continue into 2027.

Work continues on a planned investment to refurbish and upgrade units 3 and 4. This is underpinned by a 15-year Capacity Market agreement worth over £220 million in revenue. The programme is expected to continue through 2027 and will add 40MW of additional capacity and improve unit operations.

Taking into account planned and unplanned outages, H1 represents a strong performance from units 1 and 2 reflecting the growing need for power generation and system support services, and the changing UK generation mix.

OCGTs

In May 2026, our first OCGT unit, Hirwaun Power Station, entered service, adding 299MW to the portfolio. These assets are designed to operate at times of peak demand which we expect to be focused on winter periods. However, reflecting higher temperatures and lower wind speed we saw higher demand for Hirwaun’s services. In total the station operated for c.440 hours during June, providing non-generation ancillary services to the grid, as well as operating in wholesale and balancing markets.

As power demand grows and the system evolves to include more intermittent renewable and inflexible (nuclear) generation we expect that the challenge of managing the system will become more pronounced and this informs our investment case for flexible generation.

Our second OCGT unit is currently expected to commence commissioning in H2 2026 with the third unit in 2027.

The OCGTs will provide combined capacity of c.900MW and will be remunerated under 15-year Capacity Market agreements, worth c.£260 million in revenue. This is in addition to revenues from peak power generation and system support services.

Energy Solutions

Adjusted EBITDA in Energy Solutions was £27 million (H1-25: £18 million). This primarily comprises power sales via our Industrial and Commercial (I&C) and renewables services business.

Alongside supplying renewable energy, our I&C business is increasingly active in the provision of value-adding services. These services include asset optimisation and a route-to-market for over 2,000 embedded third-party renewable assets with capacity of c.800MW.

Flexitricity

Since completing the acquisition in March 2026, Flexitricity has performed in line with our expectations. Flexitricity currently uses its platform to provide route-to-market services for around c.900MW of third-party assets, primarily BESS. We expect to continue and grow these services, as well as using Flexitricity’s asset optimisation capabilities to support scaling and management of our generation businesses.

Pellet Production

Adjusted EBITDA of £64 million was a 14% decrease on H1-25 (£74 million), which reflects a reduction in pellets produced, being a combination of the closure of the Williams Lake pellet plant in Canada and outages in the US South, which correspond to a lower level of generation output at Drax Power Station.

A combination of lower output and a continued focus on reducing costs contributed to lower Adjusted EBITDA. This reflects the cost-plus transfer pricing methodology used for biomass supplied from operations in the US South to Drax Power Station. Under this established arrangement, if the Pellet Production business reduces its cost base, its sales revenues to the UK business also reduce, resulting in lower Adjusted EBITDA. The offset to this is a lower cost of biomass for Drax Power Station, which results in a higher Adjusted EBITDA for Biomass Generation and overall higher Adjusted EBITDA at the Group level.

As we noted at our full year results in February 2026, we are continuing to assess options to reflect the integrated nature of these businesses in our segmental analysis and financial reporting.

Our Canadian business delivered a strong performance in the first half of the year. A strategic review of this business is ongoing.

Biomass Generation

Adjusted EBITDA of £159 million was a decrease of 52% on H1-25 (£332 million) predominantly reflecting lower forward contracted prices compared to H1-25.

Between April 2025 and March 2026 (the most recent period for which data is available), Drax Power Station generated c.6% of the UK's electricity and around 10% of its renewable power. During this period, it produced, on average, 17% of the UK's renewable power at times of peak demand and on certain days over 50%.

Options to invest in growth – flexible generation

The 'Future Energy Scenarios' report, published by NESO, shows a potential doubling of electricity demand over the next 25 years as electrification supports decarbonisation and economic growth. The majority of the build-out of supply to meet this demand is expected to come from intermittent renewables, with the effect that the system is becoming cleaner but more volatile, driving a growing need for dispatchable power and system support services. This creates long-term earnings opportunities for, and value from, the Group's Flexgen assets. While the demand trend is clear, it is hard to forecast from year-to-year, being dependent on weather and associated renewable activity as much as underlying commodity prices.

In addition to its existing operational assets, the Group sees BESS as an important new technology for its Flexgen portfolio. Adding fast response capabilities to existing long-duration pumped storage and OCGT assets, BESS could allow the portfolio to provide a wider range of system support services to the grid.

Drax is targeting a GW-scale pipeline of BESS opportunities. These comprise both physical assets and the capabilities to optimise third-party assets by providing route to market, floor, and tolling structures.

In October 2025, Drax signed an agreement with Apatura to acquire three BESS projects, which, when fully commissioned, will provide capacity totalling c.260MW (c.520MWh). Apatura are being paid a fee to develop the assets for Drax and Apatura will bear the risk of construction cost. The total cost of the developments is £157 million, with commissioning currently expected from late 2027.

In January 2026, Drax agreed a 10-year tolling agreement with Fidra, which gives the Group operational control and dispatch rights over 250MW (500MWh) of new BESS capacity from 2028, and in February 2026 signed a 15-year tolling agreement with Zenobē, which gives the Group operational control and dispatch rights over 200MW (800MWh) of new BESS capacity from 2028, assuming grid connections proceed as expected.

In March 2026, Drax completed the acquisition of Flexitricity for £36 million, net of cash acquired, providing a scalable optimisation platform that enhances our capability to develop and expand the Group's generation portfolio and route-to-market services for third parties.

In total, these developments represent commitments of c.£0.5 billion (inclusive of c.£0.3 billion of tolling agreements) from which the Group expects to deliver attractive returns.

Growth in Adjusted EBITDA

Reflecting BESS developments and Flexitricity, combined with the existing Flexgen assets alongside Biomass Generation and Pellet Production, the Group is now targeting an increase in Group Adjusted EBITDA from these assets in the region of £650 – 800 million in 2029, once fully operational. The nature of Flexgen and the value derived from system volatility means that in any one year Adjusted EBITDA can be higher or lower but should grow over time.

This ambition for Adjusted EBITDA is before the proposed acquisition of BSIF, other Flexgen developments (including additional BESS) and the cost of development expenditure.

Options to invest in growth – renewable energy

In June 2026, the boards of directors of each of BSIF and Drax Smart Generation Holdco Limited (a wholly owned subsidiary of Drax Group plc) announced the terms of a recommended all cash acquisition by Drax Bidco of the entire issued share capital of BSIF (the Acquisition).

The terms of the Acquisition value the entire issued share capital of BSIF at approximately £561 million (including an additional 2.25 pence per share dividend), with an enterprise value of approximately £1,082 million.

A BSIF shareholder vote took place on 24 July with 99% of shares voting in favour of the acquisition and the Court Meeting (in which the deal must be sanctioned by the Court) is scheduled to take place on 31 July, after which the acquisition would become effective, assuming it proceeds as expected.

Drax believes the Acquisition of BSIF offers an attractive opportunity to grow its UK renewable generation business whilst being highly complementary to the Group's existing operations and Flexgen portfolio. The Acquisition offers Drax direct access into a c.0.9GW renewable portfolio, comprised of operating and under construction solar and wind assets, plus a 2.9GW (gross capacity) development pipeline. These assets can complement the Group's existing portfolio, creating a broader base of UK generation assets and associated earnings.

BSIF, a publicly listed investment company which operates a portfolio of UK-based renewable energy infrastructure assets (including photovoltaic plants, wind farms and small-scale wind turbines), supports Drax's core UK generation focus and, as an acquisition, represents a compelling opportunity to add operating assets with predominantly contracted cash flows, in addition to under construction and development assets, with a focus in particular on the following key benefits:

- Significant expansion of the Group's renewable generation capabilities;
- Optimising Drax's generation mix, complementing Flexgen assets and biomass with solar and wind generation;
- For the financial year ended 30 June 2025, BSIF generated underlying earnings of c.£95 million, EBITDA of c.£130 million and operating free cash flow of c.£118 million. BSIF will provide an opportunity to grow Drax's EBITDA from renewables, offering greater predictability and visibility of cash flows from a large operational portfolio. With an operational portfolio underpinned by long-term investment schemes and certificates, BSIF maintains a highly contracted revenue base, with 57 per cent of revenue generated from FiT, ROCs, CfDs and REGOs, and the remaining 43 per cent derived from Power Purchase Agreements (PPAs) in the six months to 31 December 2025;
- Combining BSIF's portfolio with Drax's existing flexible generation assets, alongside Drax's marketing and trading capabilities, will create a broader renewables platform. This could enable Drax to improve revenues from renewable certificate trading, improve routes to market, and make better use of the Group's trading platform. It could also allow the combined portfolio to be dispatched more efficiently on a 24/7 basis, driving optimisation and market access cost savings;
- Provides a significant development opportunity, allowing Drax to increase the scale of solar and BESS capacity. As at 31 December 2025, 545MW of BSIF's solar development portfolio is underpinned by long-term 15-to-20 year CfD contracts, secured in Allocation Rounds 4, 5, 6 and 7;
- Offering the potential to unlock significant synergies across the Group's trading, operations and energy sales activities in addition to potential cost savings associated with listing costs and lower trading costs by utilising Drax's existing route-to-market platforms and trading operations; and
- Accelerating Drax's contribution to the UK's national climate targets and ambitions for a clean power system and net zero objectives.

Drax expects that return on invested capital from the Acquisition will significantly exceed the Group's target weighted average cost of capital.

Options to invest in growth – Drax Power Station

The Drax Power Station site comprises over 1,000 acres and 4GW of grid connection capacity, with 2.6GW of active dispatchable generation, cooling systems, and proximity to the UK fibre network. We are developing options to create long-term value from the entire 4GW site.

In the short-term, Drax is preparing a planning application to support the option for a first phase data centre of c.100MW on land identified at the site, which would use power directly from the grid (front-of-the-meter), subject to the necessary consents and agreements.

In the medium-term Drax aims to develop an option for 500MW of data centre capacity between 2027 and 2031, with an ambition to increase this in the long-term. These phases could utilise existing generation and infrastructure at Drax Power Station to provide a distributed (behind-the-meter) energy solution with around-the-clock renewable power supplied directly to a data centre under long-term PPAs, subject to necessary consents and agreements with the UK Government.

Any decision to develop data centres at Drax Power Station will require a full assessment of the capital cost and investment case, as well as establishing the commercial and development structures.

The Group is also actively evaluating options to utilise inactive legacy units to provide system support services. For example, using power from the grid to rotate and synchronise these units and using their physical mass to provide inertia, thereby helping to stabilise the system.

In the long-term the Group is also exploring opportunities to utilise 1.4GW of non-biomass grid access for new generation.

UK politics

With a change in leadership of the UK Government the Group is continuing to monitor developments. We look forward to working with the new administration to enable investment across the UK, including the north, and support sustained economic growth and job creation.

Governance

In June 2026, the Financial Conduct Authority (FCA) closed its investigation covering the period January 2022 to March 2024 relating to certain historical statements regarding Drax's biomass sourcing and the compliance of Drax's 2021, 2022 and 2023 Annual Reports with the Listing Rules and Disclosure Guidance and Transparency Rules. The FCA confirmed the closure of the investigation on 18 June 2026 with no action taken. The FCA confirmed that it has no concerns warranting further investigation.

Sustainability

Following the introduction of a Group-wide Sustainability Framework, we have continued to progress delivery against clear milestones across climate, nature and people initiatives, including the launch of a Biomass Tracker tool to enhance transparency around biomass, validated SBTi targets for 2040 and progressed a Group water strategy. We also published the Drax Foundation Social Impact Report, supporting our commitment to creating positive outcomes for local communities.

Following a CDP double A rating in January, in March MSCI upgraded Drax's from A to AA, reflecting improved performance in environmental disclosures, climate transition planning and implementation of a Group-wide Sustainability Framework.

Outlook

In the first half of 2026 we continued to play our role in supporting energy security in the UK and are positioning the Group to do more through the development of our strategy for flexible and renewable generation.

We have committed c.£0.5 billion to new BESS capacity which will enter service from late 2027 onwards, supporting an upgraded target for Group Adjusted EBITDA of £650-800 million in 2029, once fully operational and excluding development expenditure.

In addition, our proposed acquisition of BSIF could add 0.9GW of solar and onshore wind, complementing our existing Flexgen portfolio operationally and financially, providing more certain revenues alongside the potentially higher but less predictable revenues from our Flexgen portfolio. The benefit of BSIF is not included in our revised targets for Adjusted EBITDA.

In aggregate, between BESS and BSIF, we have potential commitments of c.£1.6 billion. We believe this represents significant progress in the delivery of our strategy for growth, taken together with our existing OCGT developments would increase the Group's generation capacity by c.85%. In addition, we are continuing to develop a pipeline of further opportunities.

Through a disciplined approach to capital allocation, we expect to create opportunities for investment in growth and value creation, underpinned by strong cash generation and attractive returns for shareholders.

As we progress our plans we will continue to apply our capital allocation policy with a focus on balance sheet strength, investment in the core business, and a sustainable and growing dividend. To the extent there are residual cash flows beyond the current needs of the Group, we will also consider additional returns to shareholders.

Will Gardiner
CEO
29 July 2026

CFO's financial review

		Six months ended 30 June	
		2026	**2025**
Financial performance (£m)	**Total gross profit**	**650**	**754**
	Operating expenses	(286)	(320)
	Depreciation, amortisation and impairment of non-current assets	(101)	(136)
	Other	2	3
	Total operating profit	**265**	**301**
	Exceptional items and certain remeasurements	(86)	21
	Adjusted operating profit	**179**	**322**
	Adjusted depreciation, amortisation and similar charges and share of associates	100	138
	Adjusted EBITDA	**279**	**460**
Capital expenditure (£m)	Capital expenditure	85	59
Cash and Net debt (£m unless otherwise stated)	Cash generated from operations	79	378
	Net debt	1,025	1,062
	Net debt to Adjusted EBITDA(1) (times)	**1.3**	**1.1**
	Cash and committed facilities	630	726
Earnings (pence per share)	Adjusted basic	29.8	65.6
	Total basic	49.4	61.2
Distributions (pence per share)	Interim dividend	12.9	11.6
	Expected full year dividend	32.2	29.0

Throughout this document we distinguish between Adjusted measures and Total measures, which are calculated in accordance with International Financial Reporting Standards (IFRS). We calculate Adjusted financial performance measures, which exclude income statement volatility from derivative financial instruments and the impact of exceptional items. This allows management and stakeholders to better compare the performance of the Group between the current and previous period without the effects of this volatility and one-off or non-operational items. Adjusted financial performance measures are described in more detail in the APMs glossary, with a reconciliation to their closest IFRS equivalents in note 6. Tables in this financial review may not add down or across due to rounding.

(1) Adjusted EBITDA calculated on a last twelve months (LTM) basis.

Introduction

Adjusted EBITDA of £279 million represents a good operational performance across all segments of our business, despite some headwinds. The expected decrease compared to £460 million in H1-25 primarily reflects reduced achieved power prices at Drax Power Station. During the period, we generated cash from operations of £79 million, a decrease on H1 2025 (£378 million) driven by lower Adjusted EBITDA and higher working capital outflows. Our Net debt: last twelve months Adjusted EBITDA ratio of 1.3 times (H1-25: 1.1 times), which does not include the impact of the proposed BSIF acquisition, remains significantly below our long-term target of around 2 times.

Financial performance

<u>Adjusted EBITDA by business</u>

Flexible Generation & Energy Solutions (Flexgen)

Adjusted EBITDA in our Pumped Storage and Hydro business of £47 million reduced compared to H1-25 (£64 million), reflecting the ongoing forced outage of units 3 and 4 at Cruachan, partially offset by units 1 and 2 performing well.

Adjusted EBITDA in Energy Solutions of £27 million (H1-25: £18 million) primarily reflects a reduction in losses in the SME business post-divestment. I&C and renewables services earnings reflect a broadly consistent margin on contracted power prices.

Performance of the first OCGT since commencing operation in late May 2026 was strong and Flexitricity was in line with expectations for the period of ownership.

Pellet Production

Adjusted EBITDA was £64 million (H1-25: £74 million), because of lower output and sales prices on internal sales because of continued cost reductions in the US (Southern Pellets) business leading to a reduction in transfer pricing. The Canadian (Northern Pellets) business has performed well in H1 2026. Key operational metrics are as follows:

Mt	Six months ended 30 June	
	2026 **£m**	2025 £m
Pellets produced	**1.9**	2.1
Pellets shipped	**2.3**	2.5
Pellets shipped to Drax Power Station	**1.5**	1.5
Pellets acquired from third parties	**0.4**	0.4

Biomass Generation

Adjusted EBITDA from Biomass Generation was £159 million (H1-25: £332 million), primarily reflecting a reduction in achieved power prices, along with a planned outage on one of the units (H1 2025: no outage). Drax Power Station produced 7.0TWh (H1 2025: 7.1TWh) of electricity, providing significant volumes of dispatchable, renewable generation.

Drax Power Station is now fully hedged to the end of Q1 2027, with a new low-carbon dispatchable CfD contract covering the station to commence from April 2027.

Options for Growth (Innovation, Capital Projects, and Other)

Development expenditure in H1-26 totalled £20 million (H1-25: £33 million), reflecting lower spend on large development projects, in line with the anticipated cost savings communicated at the 2025 full year results.

Within Other, intra-group eliminations moved to a charge of £1 million in H1-26 from a credit of £7 million in H1-25, because of a change in the volume of intercompany pellets in transit.

Cost management

The first half of 2026 has seen progress made against the cost reduction targets set out at full year results 2025. The full impact of reorganisation initiatives will not be achieved until 2027, and we are making progress with third party costs.

Total operating profit

Total operating profit of £265 million compared to £301 million in H1-5. In addition to the factors discussed above, exceptional items and certain remeasurements also moved from a charge of £21 million in H1-25 to a credit of £86 million in H1-26. This was attributable to movements in commodity prices. The Exceptional items in operating expenses in H1-26 relate to restructuring and transformation costs. Further information on Exceptional items and certain remeasurements can be found in note 6 (Alternative performance measures).

Depreciation, amortisation and impairments of £101 million is significantly below H1-25 (£136 million), driven by a reduction in Northern Pellets. The Pellets business recognised one-off impairments and related costs of £14 million during H1-25 (and £198 million for the full year), which were both not repeated in, and resulted in lower ongoing depreciation and amortisation charges for, H1-26.

Profit after tax and Earnings per share

Total net finance and foreign exchange costs for H1-26 were £43 million, an increase from H1-25 (£21 million). Of the difference £29 million is attributable to foreign exchange movements, partially offset by reductions in interest payable and receivable. At 30 June 2026 the weighted average interest rate payable on the Group's borrowings was 5.9% (31 December 2025: 5.4%).

The effective tax rate for H1-26 is 24.5% (H1 2025: 21.4%). The effective tax rate is below the headline corporation tax rate in the UK of 25% primarily because of benefits from Patent Box.

Adjusted basic EPS was 29.8 pence (H1-25: 65.6 pence) and Total basic EPS was 49.4 pence (H1-25: 61.2 pence). The average number of shares used in deriving these calculations was 337.5 million (H1-25: 360.7 million). The number of outstanding shares at 30 June 2026 was 336.6 million, a 4% reduction on 30 June 2025 (351.0 million), reflecting share buyback activity.

Capital allocation

Our capital allocation policy remains focused on balance sheet strength, investment in the core business, a sustainable and growing dividend and, to the extent there are residual cash flows beyond the current needs of the Group, additional returns to shareholders.

<u>Maintain strong balance sheet and credit rating</u>

During the first half of 2026 the Group extended the maturity of the undrawn £450 million RCF and term-loans totalling €135 million from 2028 to 2029 and the Group's Issuer Credit Ratings were reaffirmed as 'BB+' by Fitch and S&P and as 'BBB (Low)' by DBRS, with a Stable Outlook in each case. These ratings have been reiterated inclusive of the proposed BSIF transaction.

<u>Invest in core business – capital expenditure</u>

Capital expenditure of £85 million (H1-25: £59 million) consists of £46 million of growth expenditure, £29 million of maintenance, and £10 million of other (including Health, Safety and Environment and Information Technology). Of the £46 million growth expenditure, £12 million related to the OCGTs (H1-25: £5 million), the first of which commissioned and is operating well. £18 million was on BESS assets (H1-25: £nil) and £8 million on Cruachan units 3 and 4 (H1-25: £7 million).

Flexitricity was acquired in H1 2026 for £36 million (net of cash acquired).

<u>Sustainable and growing dividend</u>

The Board expects to propose a dividend for the 2026 financial year of 32.2 pence per ordinary share, an 11% increase on 2025, consistent with our policy to pay a dividend which is sustainable and expected to grow. As has been our practice, 40% of the expected full year dividend, or 12.9 pence per ordinary share will be paid as an interim dividend. The interim dividend will be paid on 23 October 2026 with a record date of 25 September 2026 and an ex-dividend date of 24 September 2026 (ISIN: GB00B1VNSX38, TIDM: DRX).

<u>Return surplus capital beyond current investment requirements</u>

In July 2025, we announced a £450 million share buyback programme, which at 30 June 2026 was £75 million complete, £41 million of which was in H1-26. The programme has been paused whilst we assess the balance sheet impacts of the proposed BSIF acquisition. An update will be provided in due course.

In addition, the Group purchased £7 million of Drax shares which can be used to meet the vesting of long-term incentive schemes.

Cash and Net debt

<u>Net cash movements</u>

Cash generated from operations, inclusive of changes in working capital, was £79 million (H1-25: £378 million). The net working capital outflow of £175 million was higher than H1-25 (£102 million). The outflow predominantly reflects a build-up of ROC assets in the first half of the year, which reverses in the second half as the previous year's ROCs are settled.

<u>Liquidity</u>

	30 June 2026 £m	31 December 2025 £m
Cash and cash equivalents	**180**	302
RCF available but not utilised	**450**	450
Undrawn term loan	**-**	190
Cash and committed facilities	**630**	942

Cash and committed facilities at 30 June 2026 provided substantial headroom over our short-term liquidity requirements. No cash has been drawn under our revolving credit facilities (RCFs) since 2018.

A bridging facility of £1,083 million has been agreed to complete the proposed acquisition of BSIF, which can be drawn upon completion to pay shareholders and repay debt as required.

Net debt and Net debt to Adjusted EBITDA

	30 June 2026 £m	31 December 2025 £m
Cash and cash equivalents	**180**	302
Current borrowings	**(141)**	(61)
Non-current borrowings	**(966)**	(918)
Impact of hedging instruments and NCI	**(8)**	(8)
Lease liabilities	**(90)**	(99)
Net debt	**(1,025)**	(784)
LTM Adjusted EBITDA	**765**	947
Net debt to Adjusted EBITDA	**1.3**	0.8

Going concern

The Group's financial performance in H1-26 was good. Cash and committed facilities at 30 June 2026 provided substantial headroom over our short-term liquidity requirements.

The Group refreshes its business plan and forecasts throughout the year, including scenario modelling designed to test the resilience of the Group's financial position and performance to several possible downside cases, both excluding and including the proposed acquisition of BSIF. Based on its review of the latest forecast, the Board is satisfied that the Group has sufficient headroom in its cash and committed facilities and covenants headroom, combined with available mitigating actions, to be able to meet its liabilities as they fall due across a range of scenarios. Consequently, the Directors have a reasonable expectation that the Group will continue in existence for a period of at least twelve months from the date of the approval of the interim financial statements and have therefore adopted the going concern basis.

Frank Lemmink
CFO
29 July 2026

Principal risks and uncertainties

A number of potential risks and uncertainties exist which could have a material impact on the Group's performance over the second half of the financial year and could cause actual results to differ materially from expected and historical results. The Group has processes in place for identifying, evaluating and managing the key risks which could have an impact upon the Group's performance.

The current risks, together with a description of how they relate to the Group's strategy and the approach to managing them, are set out on pages 41-48 of the 2025 Annual report and accounts which is available on the Group's website. The Group has conducted a review and concluded that these risks, as defined in the 2025 Annual report, will continue to remain relevant for the second half of the financial year and that our assessment of the severity of these risks on both a gross and a net basis is unchanged.

The potential impact of these risks on our strategy and financial performance, together with details of our specific mitigation actions, are set out in the 2025 Annual report.

A summary of the Group's nine Principal Risks is set out below:

- **Strategy** - The risk that the Group's strategic aims are materially undermined, thereby preventing the Group from delivering its stated outcomes and fulfilling its purpose.
- **Health, Safety and Environment** - The risk of detrimental impact to the health and safety of our employees and contractors, or negative impact on the environment as a result of our operations.
- **Biomass Acceptability -** The Group's exposure to unfavourable changes to biomass-specific Government policy or regulation which could be caused by high-profile campaigning by groups opposed to the use of biomass, or non-compliance by parts of the Group's activities with existing or new regulations or standards which could cause reputational damage to the Group.

- **Trading and Commodity** - The risk of negative impact on the Group's financial performance due to the business's exposure to volatility in commodity and foreign exchange markets.
- **People** - The Group is not able to secure a workforce with the right skills and experience to operate the current business while delivering growth plans and strategic objectives.
- **Climate Change** - The potential for either physical or transitional climate-related risks, such as extreme weather or new regulation, to negatively impact on the current operations or the long-term value creation of the Group.
- **Plant Operations** - The risk we are unable to ensure the reliability or safe operation of our facilities which could result in us being unable to fulfil our contracted obligations or achieve our strategic aims.
- **Information Systems and Security** - The risk of interruption to business operations whether caused by an internal error or external attack, or the inability to facilitate the delivery of our growth strategy with the necessary Information Technology (IT) and Operational Technology (OT) systems.
- **Political and Regulatory** – The risk of changes to external policy and regulation that impact our current operations, the ability to achieve our strategy and legal/regulatory compliance. We continue to monitor political developments, including changes in UK government leadership, to evaluate their potential impact on the risks and opportunities facing the Group.

These risks are subject to oversight from the Executive Committee and formal governance in line with the Group's Risk Management Policy and Framework. We continue to review the effectiveness of existing controls over those risks and to identify further actions where appropriate in order to manage our net exposure.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

a) The Condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting";

b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Will Gardiner
CEO
29 July 2026

Condensed consolidated interim financial statements

Introduction

The Condensed consolidated interim financial statements provide information about the financial performance (Condensed consolidated income statement and Condensed consolidated statement of comprehensive income), financial position (Condensed consolidated balance sheet), reserves (Condensed consolidated statement of changes in equity), and cash flows (Condensed consolidated cash flow statement) of Drax Group plc (the Company) together with all the entities controlled by the Company (collectively, the Group).

The notes to the Condensed consolidated interim financial statements provide additional information on certain items in the Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated balance sheet, Condensed consolidated statement of changes in equity, and Condensed consolidated cash flow statement. In general, the additional information in the notes to the Condensed consolidated interim financial statements is either required by International Financial Reporting Standards (IFRS), other regulations or has been included to facilitate increased understanding of the Condensed consolidated primary statements.

Basis of preparation

The Condensed consolidated interim financial statements have been prepared using accounting policies consistent with the

United Kingdom adopted International Accounting Standards in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The information provided in this report in respect of the year ended 31 December 2025 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 but is derived from those accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Independent Auditors' report on those accounts was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The Condensed consolidated interim financial statements have been prepared on the going concern basis and on the historical cost basis, except for certain assets and liabilities that have been measured at fair value, principally derivative financial instruments, and the assets and liabilities of the Group's defined benefit pension scheme, measured at fair value and using the projected unit credit method respectively.

The accounting policies adopted in the preparation of the Condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's 2025 Annual report and accounts, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2026.

The adoption of new standards, interpretations and amendments in the current period has not had any material impact. The Group has not early-adopted any standard, interpretation or amendment that has been issued but was not effective at 30 June 2026. A full listing of new standards, amendments, and pronouncements under IFRS applicable to these Condensed consolidated interim financial statements is presented in note 14.

Going concern

In assessing going concern the Directors have considered the period up to July 2027, which reflects a period of at least 12 months from the date of signing the Condensed consolidated interim financial statements. The Group's business activities, along with future developments that may affect its financial performance, financial position and cash flows and current market conditions, are discussed in the CEO's review, financial performance is considered in the CFO's financial review.

The going concern assessment primarily focuses on cash flow forecasts, available liquidity and continued compliance with banking covenants over the period being assessed. The cash flow forecasts used to assess going concern are modelled for the impact of severe but plausible scenarios both excluding and including the proposed acquisition of BSIF. At 30 June 2026, the Group had cash and committed facilities of £629.6 million (see note 6) and borrowings of £1,106.8 million (see note 7).

Based on the assessment performed, the Group is expected to have continued significant liquidity headroom and strong financial covenant headroom. The Directors have therefore concluded that they have a reasonable expectation that the Group will continue to meet its liabilities as they fall due for a period of at least 12 months from the date these Condensed consolidated interim financial statements were authorised for issue and have therefore adopted the going concern basis of preparation.

The Condensed consolidated interim financial statements were approved by the Board on 29 July 2026.

Judgements and estimates

The preparation of financial statements requires judgement to be applied in forming the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure. Actual results may subsequently differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected. Judgements are also reviewed on an ongoing basis to ensure they remain appropriate, factoring in any changes or new information. As part of these reviews, the Group considers whether there are any new critical accounting judgements or key sources of estimation uncertainty, and whether the previously disclosed critical accounting judgements and key sources of estimation uncertainty are still appropriate to be disclosed as such.

These reviews have concluded that the critical accounting judgements and key sources of estimation uncertainty applicable to the preparation of the Condensed consolidated interim financial statements are the same as those described on pages 132–134 of the Group's 2025 Annual report and accounts. In each case, judgements have been applied consistently and estimates have been made using a consistent methodology, with inputs and assumptions updated as appropriate to reflect the Group's latest forecasts and prevailing market conditions at the reporting date.

Comparative information

The Group provides comparative financial information in these Condensed consolidated interim financial statements for the six months ended 30 June 2025 and as at 31 December 2025. Where included within text, Condensed consolidated income statement comparatives refer to the six months ended 30 June 2025 and Condensed consolidated balance sheet comparatives are as at 31 December 2025, unless otherwise stated.

Alternative performance measures

The Group uses alternative performance measures (APMs) throughout the Condensed consolidated interim financial statements that are not defined within IFRS but provide additional information about the Group's financial performance and position that is used by the Board to evaluate the Group's financial performance. These measures have been defined internally and may therefore not be comparable to similar APMs presented by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself a measure defined by IFRS. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

Defined below are the key APMs used by the Board to assess financial performance. Other APMs include Adjusted diluted earnings per share (Adjusted diluted EPS), cash and committed facilities, and capital expenditure. The APMs and their definitions are consistent with those presented as at 31 December 2025. See the APMs glossary table in note 6 for full details of all APMs used, including the APM's closest IFRS equivalent, the reason why the APM is used by the Group and a definition of how each APM is calculated. See note 6 for further details and calculations of the Group's APMs.

Adjusted results

The Group's financial performance for the period, measured in accordance with IFRS, is shown in the Total results column on the face of the Condensed consolidated income statement. Exceptional items and certain remeasurements are deducted from the Total results in arriving at the Adjusted results for the period. The Group's Adjusted results are consistent with the way the Board assesses the performance of the Group. Adjusted results are intended to reflect the underlying trading performance of the Group and are presented to assist users of the Condensed consolidated interim financial statements in evaluating the Group's trading performance and progress against strategic objectives.

Exceptional items and certain remeasurements

Exceptional items are those transactions that, by their nature, do not reflect the trading performance of the Group in the period. For a transaction to be considered exceptional, management considers the nature of the transaction, the frequency of similar events, any related precedent, and commercial context. The application guidance for this policy includes de minimis thresholds for classifying items as exceptional. Presentation of a transaction as exceptional is approved by the Audit Committee in accordance with an agreed policy.

The policy is reviewed by the Audit Committee biennially, with the last review taking place during April 2025. This review did not result in any changes to the policy.

Certain remeasurements comprise fair value gains or losses on derivative contracts to the extent that those contracts do not qualify for hedge accounting, or hedge accounting is not effective. Under IFRS, these are recorded in revenue, cost of sales, interest payable and similar charges or foreign exchange gains or losses. The Group's forward contracting activity is for the purpose of economic hedging and, therefore, the contracted price at delivery or maturity is relevant to the Group and its performance, rather than how the contracted price compares to the prevailing market price at each reporting date or on maturity, as the Group is not seeking to make trading profits on these contracts through market price movements.

The impact of excluding these fair value remeasurements from Adjusted results is to reflect commodity sales and purchases at contracted prices (the price paid or received in respect of delivery of the commodity in question) in Adjusted results in the period the transaction takes place, and also take into account the impact of associated financial derivative contracts (such as forward foreign currency purchases) in Adjusted results on maturity, being the period these contracts are intending to economically hedge.

Further information on exceptional items and certain remeasurements in the current and comparative periods is included in note 6.

Adjusted EBITDA

Adjusted EBITDA is a primary measure used by the Board to assess the financial performance of the Group as it provides a more comparable assessment of the Group's trading performance year-on-year. It is also a key metric used by the investor community to assess the performance of the Group's operations.

The Group defines Adjusted EBITDA as earnings before interest, tax, depreciation, amortisation, other gains or losses and impairment of non-current assets, excluding the impact of exceptional items and certain remeasurements (defined above). Adjusted EBITDA excludes any earnings from associates and Adjusted EBITDA directly attributable to non-controlling interests.

Adjusted basic earnings per share

Adjusted basic earnings per share (Adjusted basic EPS) is Adjusted profit attributable to the owners of the parent company divided by the weighted average number of ordinary shares outstanding during the period. Repurchased shares held in the treasury shares reserve are not included in the weighted average calculation of shares. This is the same denominator used when calculating Total basic earnings per share (Total basic EPS). This metric is used in discussions with the investor community.

Borrowings

Borrowings includes external financial debt, such as loan notes, term loans and amounts drawn in cash under RCFs (see note 7). Borrowings does not include other financial liabilities such as pension obligations, trade and other payables, and working capital facilities linked directly to specific payables (such as credit cards and deferred letters of credit) that provide a short extension of payment terms of less than 12 months (see note 8). The Group does not include balances related to supply chain financing in borrowings (and therefore Net debt), as there are no changes to the Group's payment terms under this arrangement, nor would there be if the arrangement was to cease.

Net debt

The Group defines Net debt as borrowings (see note 7) and lease liabilities less cash and cash equivalents. Borrowings denominated in foreign currencies, where the Group has entered into hedging arrangements associated with this currency exposure, are translated at the hedged rate for the purposes of calculating Net debt. Net debt excludes the share of borrowings, lease liabilities and cash and cash equivalents attributable to non-controlling interests. See note 6 for further details on the Group's definition of Net debt.

Net debt is a key metric used by debt rating agencies and the investor community, often in conjunction with other financial measures (e.g. Adjusted EBITDA), to measure a company's ability to repay its debt or assess its leverage against peers or relevant benchmarks.

Net debt to Adjusted EBITDA ratio

This metric is the ratio of Net debt to Adjusted EBITDA on a last twelve months (LTM) basis, expressed as a multiple. The Group has a long-term target for Net debt to Adjusted EBITDA of around 2.0 times.

The Net debt to Adjusted EBITDA ratio gives an indication of the size of the Group's Net debt in relation to its trading performance and is a key metric used by debt rating agencies and the investor community to assess the performance of the Group's operations.

Condensed consolidated income statement

		Six months ended 30 June 2026 (Unaudited)			Six months ended 30 June 2025 (Unaudited)		
	Notes	**Adjusted results[1] £m**	**Exceptional items and certain remeasure-ments £m**	**Total results £m**	Adjusted results[1] £m	Exceptional items and certain remeasure-ments £m	Total results £m
Revenue	3	**2,428.0**	**53.2**	**2,481.2**	2,601.1	45.9	2,647.0
Cost of sales		**(1,875.7)**	**44.9**	**(1,830.8)**	(1,827.8)	(65.2)	(1,893.0)
Gross profit		**552.3**	**98.1**	**650.4**	773.3	(19.3)	754.0
Operating and administrative expenses		**(277.5)**	**(13.0)**	**(290.5)**	(309.7)	(3.4)	(313.1)
Impairment of financial assets		**5.0**	–	**5.0**	(2.7)	(4.2)	(6.9)
Depreciation		**(95.3)**	–	**(95.3)**	(114.4)	–	(114.4)
Amortisation		**(4.3)**	–	**(4.3)**	(7.2)	–	(7.2)
Impairment of non-current assets		**(1.5)**	–	**(1.5)**	(14.4)	–	(14.4)
Other gains/(losses)		**1.2**	**0.6**	**1.8**	(2.1)	6.0	3.9
Share of losses from associates		**(0.6)**	**–**	**(0.6)**	(0.7)	–	(0.7)
Operating profit		**179.3**	**85.7**	**265.0**	322.1	(20.9)	301.2
Foreign exchange (losses)/gains	4	**(18.5)**	**2.0**	**(16.5)**	12.0	–	12.0
Interest payable and similar charges	4	**(35.1)**	**–**	**(35.1)**	(42.3)	–	(42.3)
Interest receivable and similar gains	4	**8.2**	**0.7**	**8.9**	9.8	–	9.8
Profit before tax		**133.9**	**88.4**	**222.3**	301.6	(20.9)	280.7
Total tax (charge)/credit	5	**(32.6)**	**(21.9)**	**(54.5)**	(65.2)	5.2	(60.0)

Profit for the period	**101.3**	**66.5**	**167.8**	236.4	(15.7)	220.7

Attributable to:						
Owners of the parent company	**100.3**	**66.5**	**166.8**	236.5	(15.7)	220.8
Non-controlling interests	**1.0**	–	**1.0**	(0.1)	–	(0.1)

Earnings per share	**Pence**		**Pence**	Pence		Pence
For net profit for the period attributable to owners of the parent company						
Basic earnings per share	29.8		49.4	65.6		61.2
Diluted earnings per share	29.1		48.3	64.3		60.0

(1) Adjusted results are stated after adjusting for exceptional items and certain remeasurements. See note 6 for further details.

Condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2026 (Unaudited) £m	2025 (Unaudited) £m
Profit for the period	**167.8**	220.7
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of defined benefit pension surplus	**12.0**	4.8
Deferred tax on remeasurement of defined benefit pension surplus	**(3.0)**	(1.2)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations attributable to owners of the parent company	**9.8**	(85.6)
Exchange differences on translation of foreign operations attributable to non-controlling interests	**–**	(0.3)
Net fair value losses on financial assets at fair value through other comprehensive income	**(7.8)**	(10.2)
Net fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss	**7.8**	10.2
Net fair value losses on cost of hedging	**(10.5)**	(8.4)
Deferred tax on cost of hedging	**2.6**	2.1
Net fair value (losses)/gains on cash flow hedges	**(127.0)**	31.5
Net losses/(gains) on cash flow hedges reclassified to profit or loss	**67.0**	(90.3)
Deferred tax on cash flow hedges	**15.0**	14.7
Other comprehensive expense for the period, net of tax	**(34.1)**	(132.7)
Total comprehensive income for the period attributable to equity holders	**133.7**	88.0
Attributable to:		
Owners of the parent company	**132.7**	88.4
Non-controlling interests	**1.0**	(0.4)

Condensed consolidated balance sheet

	Notes	**As at 30 June 2026 (Unaudited) £m**	As at 31 December 2025 (Audited) £m
Assets			
Non-current assets			
Goodwill		**398.6**	396.2
Intangible assets		**82.0**	42.7
Property, plant and equipment		**2,437.3**	2,427.2
Right-of-use assets		**62.3**	69.6

Retirement benefit surplus		**35.7**	23.8
Deferred tax assets		**37.0**	37.0
Derivative financial instruments	11	**36.0**	24.4
		3,088.9	3,020.9
Current assets			
Inventories		**267.7**	223.8
Renewable certificate assets		**832.5**	542.1
Trade and other receivables and contract assets		**318.0**	337.8
Derivative financial instruments	11	**59.7**	68.6
Current tax assets		**14.3**	0.1
Cash and cash equivalents		**179.6**	302.1
		1,671.8	1,474.5
Liabilities			
Current liabilities			
Trade and other payables and contract liabilities		**(1,249.4)**	(1,090.9)
Lease liabilities		**(23.9)**	(28.2)
Borrowings	7	**(140.7)**	(61.3)
Provisions		**(16.5)**	(17.6)
Derivative financial instruments	11	**(133.4)**	(174.2)
		(1,563.9)	(1,372.2)
Net current assets		**107.9**	102.3
Non-current liabilities			
Borrowings	7	**(966.1)**	(917.7)
Lease liabilities		**(66.1)**	(70.4)
Provisions		**(80.6)**	(85.0)
Deferred tax liabilities		**(290.0)**	(261.3)
Derivative financial instruments	11	**(53.6)**	(75.6)
		(1,456.4)	(1,410.0)
Net assets		**1,740.4**	1,713.2
Shareholders' equity			
Issued equity	9	**50.0**	49.9
Share premium		**450.7**	448.5
Hedge reserve		**(89.1)**	(63.1)
Cost of hedging reserve		**(17.2)**	(12.8)
Other reserves		**149.0**	179.8
Retained profits		**1,196.5**	1,110.9
Total equity attributable to owners of the parent company		**1,739.9**	1,713.2
Non-controlling interests		**0.5**	–
Total shareholders' equity		**1,740.4**	1,713.2

Condensed consolidated statement of changes in equity

	Issued equity £m	Share premium £m	Hedge reserve £m	Cost of hedging reserve £m	Other reserves[1] £m	Retained profits £m	Non-controlling interests £m	Total £m
				Six months ended 30 June 2026 (Unaudited)				
At 1 January 2026	**49.9**	**448.5**	**(63.1)**	**(12.8)**	**179.8**	**1,110.9**	**–**	**1,713.2**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**166.8**	**1.0**	**167.8**
Other comprehensive (expense)/income	**–**	**–**	**(45.0)**	**(7.9)**	**9.8**	**9.0**	**–**	**(34.1)**
Total comprehensive (expense)/income for the period	**–**	**–**	**(45.0)**	**(7.9)**	**9.8**	**175.8**	**1.0**	**133.7**

Equity dividends paid	–	–	–	–	–	(58.2)	–	(58.2)
Issue of share capital	0.1	2.2	–	–	–	–	–	2.3
Movement in equity associated with forward contracts to purchase own shares to satisfy share-based payment arrangements	–	–	–	–	(7.3)	(30.2)	–	(37.5)
Own shares utilised to satisfy share-based payment arrangements	–	–	–	–	7.8	(7.8)	–	–
Distributions to non-controlling interests	–	–	–	–	–	–	(0.5)	(0.5)
Repurchase of own shares through share buyback programmes	–	–	–	–	(41.1)	–	–	(41.1)
Total transactions with owners in their capacity as owner	0.1	2.2	–	–	(40.6)	(96.2)	(0.5)	(135.0)
Movements on cash flow hedges released directly from equity	–	–	25.4	–	–	–	–	25.4
Deferred tax on cash flow hedges released directly from equity	–	–	(6.4)	–	–	–	–	(6.4)
Movements on cost of hedging released directly from equity	–	–	–	4.6	–	–	–	4.6
Deferred tax on cost of hedging released directly from equity	–	–	–	(1.1)	–	–	–	(1.1)
Equity-settled share-based payments charge	–	–	–	–	–	6.0	–	6.0
At 30 June 2026	50.0	450.7	(89.1)	(17.2)	149.0	1,196.5	0.5	1,740.4

	Issued equity £m	Share premium £m	Hedge reserve £m	Cost of hedging reserve £m	Other reserves(1) £m	Retained profits £m	Non-controlling interests £m	Total £m
					Six months ended 30 June 2025 (Unaudited)			
At 1 January 2025	49.4	443.8	(7.9)	6.9	467.0	1,118.1	9.8	2,087.1
Profit/(loss) for the period	–	–	–	–	–	220.8	(0.1)	220.7
Other comprehensive (expense)/income	–	–	(44.1)	(6.3)	(85.6)	3.6	(0.3)	(132.7)
Total comprehensive (expense)/income for the period	–	–	(44.1)	(6.3)	(85.6)	224.4	(0.4)	88.0
Equity dividends paid	–	–	–	–	–	(55.7)	–	(55.7)
Issue of share capital	0.4	3.4	–	–	–	–	–	3.8
Distributions to non-controlling interests	–	–	–	–	–	–	(0.7)	(0.7)
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	2.9	(3.6)	(0.7)
Repurchase of own shares	–	–	–	–	(140.5)	(4.3)	–	(144.8)
Total transactions with owners in their capacity as owner	0.4	3.4	–	–	(140.5)	(57.1)	(4.3)	(198.1)
Movements on cash flow hedges released directly from equity	–	–	17.4	–	–	–	–	17.4

Deferred tax on cash flow hedges released directly from equity	–	–	(4.4)	–	–	–	–	(4.4)
Movements on cost of hedging released directly from equity	–	–	–	(4.1)	–	–	–	(4.1)
Deferred tax on cost of hedging released directly from equity	–	–	–	1.0	–	–	–	1.0
Movements in equity associated with share-based payments	–	–	–	–	0.6	6.4	–	7.0
At 30 June 2025	49.8	447.2	(39.0)	(2.5)	241.5	1,291.8	5.1	1,993.9

(2) Other comprehensive income/(expense) in respect of other reserves relates wholly to movements in the translation reserve. All other movements in respect of other reserves relate to the own shares reserve.

Condensed consolidated cash flow statement

		Six months ended 30 June	
	Notes	**2026 (Unaudited) £m**	2025 (Unaudited) £m
Cash generated from operations	8	**79.4**	377.5
Income taxes paid		**(33.5)**	(48.9)
Interest paid		**(47.4)**	(50.8)
Interest received		**7.5**	9.1
Net cash generated from operating activities		**6.0**	286.9
Cash flows from investing activities			
Purchases of property, plant and equipment		**(97.2)**	(139.5)
Purchases of intangible assets		**(8.1)**	(4.3)
Proceeds from the sale of property, plant and equipment		**9.7**	2.0
Distributions to associates		**(0.6)**	(0.4)
Acquisition of subsidiaries, net of cash acquired		**(36.3)**	–
Net cash used in investing activities		**(132.5)**	(142.2)
Cash flows from financing activities			
Equity dividends paid		**(58.2)**	(55.7)
Distributions to non-controlling interests		**(0.5)**	(0.7)
Proceeds from issue of share capital		**2.3**	3.5
Repurchase of own shares through share buyback schemes	9	**(41.1)**	(140.5)
Repurchase of own shares through forward contracts to satisfy share-based payment arrangements		**(7.3)**	–
Drawdown of borrowings	7	**190.0**	–
Repayment of borrowings	7	**(61.5)**	–
Gross receipt of financing derivatives		**60.6**	–
Gross payment of financing derivatives		**(66.8)**	–
Payment of principal of lease liabilities		**(13.4)**	(13.6)
Other financing costs paid		**(0.7)**	–
Net cash generated/(absorbed) by financing activities		**3.4**	(207.0)
Net decrease in cash and cash equivalents		**(123.1)**	(62.3)
Cash and cash equivalents at beginning of the period		**302.1**	356.0
Effect of changes in foreign exchange rates		**0.6**	(17.7)

Cash and cash equivalents at end of the period	**179.6**	276.0

Notes to the Condensed consolidated interim financial statements

1. General information

These notes provide additional information about the disclosures within the Condensed consolidated interim financial statements. Further information can be found in the Group's 2025 Annual report and accounts on pages 140-242.

Drax Group plc (the Company) is a public company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company and its subsidiaries (collectively, the Group) have four principal activities as outlined in note 2.

The Group's activities are principally based within the UK, US and Canada. The address of the Company's registered office and principal establishment is Drax Power Station, Selby, North Yorkshire, YO8 8PH, United Kingdom.

2. Segmental reporting

Reportable segments are presented in a manner consistent with internal reporting provided to the chief operating decision maker, which is considered to be the Executive Committee. The Group is organised into four businesses. The Executive Committee reviews the performance of each of these businesses separately, and each represents a reportable segment:

- Pellet Production: production and subsequent sale of biomass pellets from the Group's processing facilities in North America
- Biomass Generation: generation and sale of electricity from biomass assets in the UK
- Flexible Generation: generation and sale of electricity from pumped storage, run-of-river hydro and OCGT assets, optimisation services to energy partners from Flexitricity, and the processing and sale of waste-derived pellets, in the UK
- Energy Solutions: supply of electricity to non-domestic customers in the UK

Operating costs that can be reasonably allocated to the activities of a reportable segment are included within the results of that reportable segment. Central corporate and commercial functions provide certain specialist and shared services, including optimisation of the Group's positions. Central corporate and commercial function costs that cannot be reasonably allocated to the activities of a reportable segment are included within Innovation, capital projects and other. Innovation, capital projects and other is not a reportable segment as it provides central support function activities to the Group, however it is included in the information presented below to enable reconciliation of the segmental amounts presented to the consolidated IFRS results recognised in these Condensed consolidated interim financial statements.

Given the principal activity of the Group is a generator and seller of electricity, the Condensed consolidated income statement includes all revenue from sales of electricity during the period. Where the Group is acting as the principal in a sales transaction and electricity is purchased rather than generated to fulfil that sale, either due to operational or other requirements, the cost of this purchase is recorded within cost of sales.

When defining gross profit within the Condensed consolidated interim financial statements, the Group follows the principal trading considerations applied by its Pellet Production, Biomass Generation, Flexible Generation and Energy Solutions businesses when making a sale. In respect of the Pellet Production business, this reflects the direct costs of production, being fibre, fuel and drying costs, direct freight and port costs, or third-party pellet purchases. In respect of the Biomass Generation and Flexible Generation businesses, this reflects the direct costs of the commodities required to generate power or the direct cost of purchasing power and the relevant grid connection costs that arise. In respect of the Energy Solutions business, this reflects the direct costs of supply, being the costs of the power or gas supplied, together with costs levied on suppliers such as network costs, broker costs and renewables incentive mechanisms.

Accordingly, cost of sales excludes indirect overheads and staff costs (presented within operating and administrative expenses), and depreciation (presented separately on the face of the Condensed consolidated income statement).

The accounting policies applied for the purpose of measuring the reportable segments' profits or losses, assets and liabilities are the same as those used in measuring the corresponding amounts in the Condensed consolidated interim financial statements.

Seasonality of trading

The primary activities of the Group are affected by seasonality. Demand in the UK for electricity and gas is typically higher in the winter period (October to March) when temperatures are lower, which drives higher prices and higher generation. Conversely, demand is typically lower in the summer months (April to September) when temperatures are milder, and therefore prices and levels of generation are generally lower.

This trend is experienced by all of the Group's UK-based businesses, as they operate within the UK electricity market. It is most notable within the Biomass Generation business due to its scale and the flexible operation of its thermal generation plant.

The Pellet Production business incurs certain costs that are higher in winter months due to the impact of weather conditions, such as fibre drying costs and heating costs. Production volumes and margins are typically higher in the summer months. The Pellet Production business is protected from demand fluctuations due to seasonality by regular production and dispatch schedules under its contracts with customers, both intra-group and externally.

Segment revenues and results

The following is an analysis of the Group's performance by reportable segment for the six months ended 30 June 2026. Revenue for each segment is split between sales to external parties and inter-segment sales. Inter-segment sales are eliminated in the intra-group eliminations column along with any adjustment required for unrealised profits (inventory purchased by the Biomass Generation segment from the Pellet Production segment that is still held as inventory at the reporting date).

Adjusted EBITDA by reportable segment is presented in note 6.

The accounting policies applied for the purpose of measuring the reportable segments' profits or losses, assets and liabilities are the same as those used in measuring the corresponding amounts in the Group's 2025 Annual report and accounts.

	Six months ended 30 June 2026 (Unaudited)								
	Pellet Production £m	**Biomass Generation £m**	**Flexible Generation £m**	**Energy Solutions £m**	**Innovation, capital projects and other £m**	**Intra-group eliminations £m**	**Adjusted results £m**	**Exceptional items and certain remeasure-ments £m**	**Total results £m**
Revenue									
External sales	128.6	986.8	74.3	1,238.3	–	–	2,428.0	53.2	2,481.2
Inter-segment sales	265.8	619.7	46.1	–		(931.6)	–	–	–
Total revenue	**394.4**	**1,606.5**	**120.4**	**1,238.3**	–	**(931.6)**	**2,428.0**	**53.2**	**2,481.2**
Cost of sales	(235.9)	(1,324.6)	(50.1)	(1,191.5)	(3.6)	930.0	(1,875.7)	44.9	(1,830.8)
Gross profit/(loss)	**158.5**	**281.9**	**70.3**	**46.8**	**(3.6)**	**(1.6)**	**552.3**	**98.1**	**650.4**
Operating and administrative expenses	(94.0)	(122.8)	(20.1)	(24.8)	(16.0)	0.2	(277.5)	(13.0)	(290.5)
Impairment of financial assets	–	–	–	5.0	–	–	5.0	–	5.0
Depreciation	(36.6)	(47.4)	(8.4)	(0.5)	(3.4)	1.0	(95.3)	–	(95.3)
Amortisation	–	(1.5)	(0.1)	(1.8)	(0.9)	–	(4.3)	–	(4.3)
Impairment of non-current assets	(1.5)	–	–	–	–	–	(1.5)	–	(1.5)
Other (losses)/gains	(0.1)	0.2	1.1	–	–	–	1.2	0.6	1.8
Share of losses from associates	(0.6)	–	–	–	–	–	(0.6)	–	(0.6)
Operating profit/(loss)	**25.7**	**110.4**	**42.8**	**24.7**	**(23.9)**	**(0.4)**	**179.3**	**85.7**	**265.0**

	Six months ended 30 June 2025 (Unaudited)								
	Pellet Production £m	Biomass Generation £m	Flexible Generation £m	Energy Solutions £m	Innovation, capital projects and other £m	Intra-group eliminations £m	Adjusted results £m	Exceptional items and certain remeasure-ments £m	Total results £m
Revenue									
External sales	162.4	975.8	40.0	1,422.9	–	–	2,601.1	45.9	2,647.0
Inter-segment sales	286.2	951.8	47.5	–	–	(1,285.5)	–	–	–
Total revenue	448.6	1,927.6	87.5	1,422.9	–	(1,285.5)	2,601.1	45.9	2,647.0
Cost of sales	(266.5)	(1,477.6)	(8.4)	(1,370.1)	–	1,294.8	(1,827.8)	(65.2)	(1,893.0)
Gross profit	182.1	450.0	79.1	52.8	–	9.3	773.3	(19.3)	754.0
Operating and administrative expenses	(107.9)	(117.5)	(15.6)	(32.5)	(33.4)	(2.8)	(309.7)	(3.4)	(313.1)
Impairment of financial assets	–	(0.3)	–	(2.4)	–	–	(2.7)	(4.2)	(6.9)
Depreciation	(50.3)	(51.8)	(8.9)	(0.4)	(2.8)	(0.2)	(114.4)	–	(114.4)
Amortisation	(2.2)	(2.2)	–	(2.2)	(0.6)	–	(7.2)	–	(7.2)
Impairment of non-current assets	(14.4)	–	–	–	–	–	(14.4)	–	(14.4)
Other (losses)/gains	(2.5)	0.4	–	–	–	–	(2.1)	6.0	3.9
Share of losses from associates	(0.7)	–	–	–	–	–	(0.7)	–	(0.7)
Operating profit/(loss)	4.1	278.6	54.6	15.3	(36.8)	6.3	322.1	(20.9)	301.2

Intra-group trading

Intra-group transactions are carried out at management's best estimate of arm's-length, commercial terms that, where possible, equate to market prices. The impact of all intra-group transactions, including any unrealised profit arising, is eliminated on consolidation.

Analysis of revenue from intra-group trading is provided in the table below:

	Six months ended 30 June	
	2026 (unaudited) £m	2025 (unaudited) £m
Pellet Production segment sale of biomass pellets and provided associated services to the Biomass Generation segment	**265.8**	286.2
Biomass Generation segment sale of electricity, gas and renewable certificate assets to the Energy Solutions segment	**601.5**	915.5
Biomass Generation segment sale of electricity to the Flexible Generation segment	**8.8**	9.0
Biomass Generation segment sale of biomass pellets to the Pellet Production segment	**9.4**	27.3
Flexible Generation segment sale of electricity and renewable certificate assets to the Biomass Generation segment	**44.2**	45.8
Flexible Generation segment sale of electricity to the Energy Solutions segment	**1.9**	1.7
Total inter-segment sales	**931.6**	1,285.5

Capital expenditure by segment

Assets and working capital are monitored on a consolidated basis; however, capital expenditure is monitored by reportable segment.

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)

	Capital expenditure on intangible assets £m	**Capital expenditure on property, plant and equipment £m**	Capital expenditure on intangible assets £m	Capital expenditure on property, plant and equipment £m
Pellet Production	**–**	**14.2**	–	22.3
Biomass Generation	**–**	**14.3**	–	9.6
Flexible Generation	**0.1**	**45.4**	–	17.1
Energy Solutions	**0.9**	**–**	1.2	0.3
Innovation, capital projects and other	**6.3**	**3.3**	2.9	5.8
Total	**7.3**	**77.2**	4.1	55.1

Geographical analysis of revenue and non-current assets

	Revenue (based on location of customer)	
	Six months ended 30 June	
	2026 (Unaudited) £m	2025 (Unaudited) £m
North America (Canada and US)	**10.3**	3.4
Europe (excluding UK)	**2.5**	2.5
Asia	**102.3**	127.9
UK	**2,366.1**	2,513.2
Total	**2,481.2**	2,647.0

	Non-current assets(1) (based on asset's location)	
	As at 30 June 2026 (Unaudited) £m	As at 31 December 2025 (Audited) £m
Canada	77.8	84.2
US	540.7	541.6
Asia	0.2	0.2
UK	2,361.5	2,309.7
Total	**2,980.2**	2,935.7

(1) Non-current assets comprise goodwill, intangible assets, property, plant and equipment, right-of-use assets.

3. Revenue

Revenue represents amounts receivable for goods or services provided to customers in the normal course of business, net of trade discounts, VAT and other sales-related taxes and excludes transactions between Group companies.

Given the principal activity of the Biomass Generation and Flexible Generation segments is as generators and sellers of electricity, the Condensed consolidated income statement includes all revenue from sales of electricity during the period. In a majority of cases the Group is acting as principal in these sales contracts under IFRS. In the instance where electricity is purchased rather than generated to fulfil a sale, either for operational or other reasons, the cost of this purchase is recorded within cost of sales. If external purchases of electricity were presented net within external revenue this would have reduced external revenue in Total results by £575.6 million to £1,905.6 million (six months ended 30 June 2025: by £579.9 million to £2,067.1 million) with a corresponding decrease in external cost of sales. Where the Group enters into sleeved electricity trades, the Group is primarily acting as an agent under IFRS rather than a principal. As such, these transactions are presented net within revenue.

During the period, the Group made sales (and subsequent purchases) of Renewables Obligation Certificates (ROCs) to help optimise the Group's working capital position. External sales of renewable certificates in the table below includes £100.4 million of such sales (six months ended 30 June 2025: £54.1 million).

For further details on the revenue streams listed below see pages 145-147 of the Group's 2025 Annual report and accounts.

The sources of revenue were as follows:

	Six months ended 30 June 2026 (Unaudited)

	External £m	Inter-segment £m	Total £m
Pellet Production			
Pellet sales	124.2	265.8	390.0
Other income	4.4	–	4.4
Total Pellet Production	**128.6**	**265.8**	**394.4**
Biomass Generation			
Electricity and gas sales	736.8	604.4	1,341.2
Renewable certificate sales	183.2	5.9	189.1
CfD income	34.6	–	34.6
Ancillary services	8.8	–	8.8
Other income	23.4	9.4	32.8
Total Biomass Generation	**986.8**	**619.7**	**1,606.5**
Flexible Generation			
Electricity sales	15.7	46.1	61.8
Ancillary services	9.7	–	9.7
Aggregated electricity services[(1)]	41.4	–	41.4
Other income	7.5	–	7.5
Total Flexible Generation	**74.3**	**46.1**	**120.4**
Energy Solutions			
Electricity and gas sales	1,232.4	–	1,232.4
Renewable certificate sales	5.9	–	5.9
Total Energy Solutions	**1,238.3**	**–**	**1,238.3**
Elimination of inter-segment sales	–	(931.6)	(931.6)
Total consolidated revenue in Adjusted results	**2,428.0**	**–**	**2,428.0**
Certain remeasurements	53.2	–	53.2
Total consolidated revenue in Total results	**2,481.2**	**–**	**2,481.2**

(1) Aggregated electricity services relates to Flexitricity Limited which was acquired on 31 March 2026, this represents the value of services supplied to the National Grid, Energy Partners and supply customers, and other goods and services. Income is recognised in the month it is earned.

	Six months ended 30 June 2025 (Unaudited)		
	External £m	Inter-segment £m	Total £m
Pellet Production			
Pellet sales	158.6	286.2	444.8
Other income	3.8	–	3.8
Total Pellet Production	162.4	286.2	448.6
Biomass Generation			
Electricity and gas sales	821.3	911.5	1,732.8
Renewable certificate sales	81.4	13.0	94.4
CfD income	57.1	–	57.1
Ancillary services	9.1	–	9.1
Other income	6.9	27.3	34.2
Total Biomass Generation	975.8	951.8	1,927.6
Flexible Generation			
Electricity sales	12.8	47.5	60.3
Ancillary services	13.0	–	13.0
Other income	14.2	–	14.2
Total Flexible Generation	40.0	47.5	87.5
Energy Solutions			
Electricity and gas sales	1,409.5	–	1,409.5
Renewable certificate sales	13.4	–	13.4
Total Energy Solutions	1,422.9	–	1,422.9
Elimination of inter-segment sales	–	(1,285.5)	(1,285.5)
Total consolidated revenue in Adjusted results	2,601.1	–	2,601.1
Certain remeasurements	45.9	–	45.9
Total consolidated revenue in Total results	2,647.0	–	2,647.0

4. Net finance costs

Net finance costs reflect expenses incurred in managing the Group's capital structure (such as interest payable on borrowings) as well as foreign exchange gains and losses, the unwinding of discounts on provisions for reinstatement of the Group's sites at the end of their useful economic lives, and interest on lease liabilities. These are offset by interest income that the Group generates through use of short-term cash surpluses, for example through investment in money market funds, and interest income on the Group's defined benefit pension scheme surplus.

	Six months ended 30 June	
	2026 (Unaudited) £m	2025 (Unaudited) £m
Interest payable and similar charges:		
Interest payable	**(53.6)**	(53.5)
Unwinding of discount on provisions	**(1.4)**	(1.4)
Capitalised borrowing costs	**19.9**	12.6
Total interest payable and similar charges included in Adjusted results	**(35.1)**	(42.3)
Interest receivable and similar gains:		
Interest income on bank deposits	**7.2**	9.1
Interest income on defined benefit pension surplus	**0.7**	0.7
Other interest income	**0.3**	–
Total interest receivable and similar gains included in Adjusted results	**8.2**	9.8
Foreign exchange (losses)/gains included in Adjusted results	**(18.5)**	12.0
Net finance costs included in Adjusted results	**(45.4)**	(20.5)
Certain remeasurements on financing derivatives	**2.7**	–
Net finance costs included in Total results	**(42.7)**	(20.5)

The £19.9 million (six months ended 30 June 2025: £12.6 million) of capitalised borrowing costs have been included within the cost of qualifying assets in property, plant and equipment during the period. These charges represent fees payable on deferred letters of credit that have been used specifically to finance the construction of certain qualifying asset amounts, and general borrowing costs capitalised on the construction of all other qualifying asset amounts not financed using specific borrowings. A qualifying asset is one that takes a substantial period to get ready for intended use. The Group defines this period to mean 12 months or more.

Foreign exchange gains and losses within net finance costs arise on the retranslation of balances denominated in foreign currencies to prevailing rates at the reporting date.

The Group has a number of intercompany balances denominated in the functional currency of certain foreign subsidiaries, that are owed to or receivable from a sterling functional currency entity. A foreign exchange gain of £0.3 million (six months ended 30 June 2025: £9.9 million) has been recognised on the retranslation of these intercompany balances in the income statement of the sterling functional currency entity. This gain (six months ended 30 June 2025: gain) is recognised within the Condensed consolidated income statement and within the foreign exchange gains included in Adjusted results line in the table above. Conversely, within the net gain or loss on translating the net assets of the foreign subsidiaries into the Group's sterling presentational currency, there is a foreign exchange loss (six months ended 30 June 2025: loss) relating to the translation of the foreign subsidiaries' intercompany loans. This impacts the translation reserve with the movement recognised in other comprehensive income.

5. Total tax charge

The tax charge for the period includes both current and deferred tax. The tax charge is based upon the expected tax rate for the full year, which is applied to taxable profits for the period, together with any charge or credit in respect of prior periods and the tax effect of any exceptional items and certain remeasurements (see note 6).

Current tax includes UK corporation tax, corporate income tax in Canada, and US income tax. It is calculated as the income taxes payable on taxable profits, or recoverable in respect of tax losses, for the period. Deferred tax is calculated as the income taxes payable or recoverable in future accounting periods in respect of temporary differences which may be taxable or allowed as deductible. Temporary differences themselves represent the difference between the carrying amount of an asset or liability in the Condensed consolidated interim financial statements and the relevant tax base thereon.

	Six months ended 30 June	
	2026 (Unaudited) £m	2025 (Unaudited) £m
Tax charge comprises:		
Current tax		
- Current period charge	**18.1**	53.6
Deferred tax		
- Current period charge	**36.4**	6.4
Tax charge	**54.5**	60.0

The majority of the Group's anticipated full year profit is UK-based. The headline statutory rate of taxation on UK profits for 2026 is 25.0% (2025: 25.0%).

The expected full year effective tax rate of 23.6% (2025: 21.6%) is lower than (2025: lower than) the main rate of tax primarily due to the Patent Box deduction and full expensing of qualifying capital expenditure, particularly in relation to OCGT entities commencing trade in 2026. The expected full year effective tax rate is also lower than the actual effective tax rate for the six months ended June 2026 of 24.5% primarily due to the effect of prior year adjustments.

The Group is within the scope of the Organisation for Economic Co-operation and Development's (OECD's) Global Anti-Base Erosion Rules, which provide for an internationally co-ordinated system of taxation to ensure that large multinational groups pay a minimum level of corporate income tax in countries in which they operate, referred to as Pillar Two.

The Group has applied the temporary exemption under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules, so that the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two. The Group expects to continue to fall within the Transitional Country by Country Reporting Safe Harbour for all jurisdictions in 2026, such that the expected top-up tax payable over the transitional period is expected to be £nil.

6. Alternative performance measures

This note contains information and reconciliations to the closest IFRS equivalent of the Group's alternative performance measures (APMs). The APMs glossary table, included in this note, provides details of all APMs used, each APM's closest IFRS equivalent, the reason why the APM is used by the Group and a definition of how each APM is calculated.

The Group presents Adjusted results in the Condensed consolidated income statement. Management believes that this approach is useful as it provides a clear and consistent view of underlying trading performance. Exceptional items and certain remeasurements are excluded from Adjusted results and are presented in a separate column in the Condensed consolidated income statement. Management believes that this presentation provides useful information about financial performance and is consistent with the way the Board and executive management assesses the performance of the Group.

The Group has a policy and framework for the determination of transactions to be presented as exceptional. Exceptional items are excluded from Adjusted results as they are transactions that are deemed to be one-off or unlikely to reoccur in future years due to their nature, size, the expected frequency of similar events, or the commercial context. Excluding these amounts provides users of the Condensed consolidated interim financial statements with a more representative view of the financial performance of the Group and enables comparison with other reporting periods as it excludes amounts from activities or transactions that are not likely to reoccur. All transactions presented as exceptional are approved by the Audit Committee. See the Audit Committee report on pages 77-86 of the Group's 2025 Annual report and accounts for further details.

The following transactions were designated as exceptional items and presented separately during the current period:

- Transformation and restructuring: the Group has commenced a significant transformation programme ("Future Focus") centred around growth, efficiency and performance culture. This transformation programme commenced in 2025 and is expected to run through to early 2027. The costs incurred in the year primarily relate to employee severance costs and related consultancy costs.
- Gains relating to the impairment of Longview: £0.6 million of other gains realised on the sale of assets that were impaired in the prior year as a result of the Group's decision to pause the Longview development project. This is presented within the other gains and losses line in the Income Statement.

The following transaction was designated as an exceptional item and presented separately in the six-month period ended 30 June 2025:

- Opus Energy sale of meter points and restructuring: costs and credits arising as a result of the transactions to sell the non-core Opus Energy small and medium-sized enterprise (SME) customer meter points and related strategic restructuring of the Energy Solutions business.

Certain remeasurements comprise gains or losses on derivative contracts to the extent that those contracts do not qualify for hedge accounting, or hedge accounting is not effective, and those gains or losses are either i) unrealised and relate to derivative contracts with a maturity in future periods, or ii) are realised in relation to the maturity of derivative contracts in the current period. Gains and losses on derivative contracts prior to maturity generally reflect the difference between the contracted price and the current market price.

The Group regards all of its forward contracting activity to represent economic hedges that secure prices and rates, and lock in value for its future expected pellet production, generation or energy supply activities. The effect of excluding certain remeasurements from Adjusted results is that commodity sales and purchases are recognised in the period they are intended to hedge, at their contracted prices, i.e. at the all-in hedged amount paid or received in respect of the delivery of the commodity in question. It also results in the total impact of associated financial contracts being recognised in the period they are intended to hedge. Management believes this better reflects the performance of the Group, as it more accurately represents the intention of entering into the underlying derivative contracts.

	Six months ended 30 June	
	2026 (Unaudited) £m	2025 (Unaudited) £m
Exceptional items:		
Opus Energy sale of meter points and restructuring	**–**	(1.6)
Transformation and restructuring	**(13.0)**	–
Gains relating to the impairment of Longview	**0.6**	–
Exceptional items included in operating profit	**(12.4)**	(1.6)
Tax on exceptional items	**3.3**	0.4
Exceptional items after tax	**(9.1)**	(1.2)
Certain remeasurements:		
Net certain remeasurements included in revenue	**53.2**	45.9
Net certain remeasurements included in cost of sales	**44.9**	(65.2)
Certain remeasurements included in operating profit	**98.1**	(19.3)
Net certain remeasurements included in interest receivable and similar gains	**0.7**	–
Net certain remeasurements included in foreign exchange gains and losses	**2.0**	–
Certain remeasurements included in profit before tax	**100.8**	(19.3)
Tax on certain remeasurements	**(25.2)**	4.8
Certain remeasurements after tax	**75.6**	(14.5)
Reconciliation of profit for the period:		
Adjusted profit for the period	**101.3**	236.4
Exceptional items after tax	**(9.1)**	(1.2)
Certain remeasurements after tax	**75.6**	(14.5)
Total profit for the period	**167.8**	220.7

For each item designated as exceptional or as a certain remeasurement, the table below summarises the impact of the item on the Adjusted and Total profit for the period, basic EPS and net cash from operating activities.

	Six months ended 30 June 2026 (Unaudited)							
	Revenue £m	**Gross profit £m**	**Operating profit £m**	**Profit before tax £m**	**Tax charge £m**	**Profit for the period £m**	**Basic earnings per share Pence**	**Net cash from operating activities £m**
Total results IFRS measure	**2,481.2**	**650.4**	**265.0**	**222.3**	**(54.5)**	**167.8**	**49.4**	**6.0**
Certain remeasurements:								
Net fair value remeasurement on derivative contracts	**(53.2)**	**(98.1)**	**(98.1)**	**(100.8)**	**25.2**	**(75.6)**	**(22.4)**	**–**
Exceptional items:								
Transformation and restructuring	–	–	**13.0**	**13.0**	**(3.3)**	**9.7**	**3.0**	**9.4**
Gains relating to the impairment of Longview	–	–	**(0.6)**	**(0.6)**	**–**	**(0.6)**	**(0.2)**	**(0.2)**
Total	**(53.2)**	**(98.1)**	**(85.7)**	**(88.4)**	**21.9**	**(66.5)**	**(19.6)**	**9.2**
Adjusted results	**2,428.0**	**552.3**	**179.3**	**133.9**	**(32.6)**	**101.3**	**29.8**	**15.2**

	Six months ended 30 June 2025 (Unaudited)							
	Revenue £m	Gross profit £m	Operating profit £m	Profit before tax £m	Tax charge £m	Profit for the period £m	Basic earnings per share Pence	Net cash from operating activities £m
Total results IFRS measure	2,647.0	754.0	301.2	280.7	(60.0)	220.7	61.2	286.9
Certain remeasurements:								
Net fair value remeasurement on derivative contracts	(45.9)	19.3	19.3	19.3	(4.8)	14.5	4.1	–
Exceptional items:								
Opus Energy sale of meter points and restructuring	–	–	1.6	1.6	(0.4)	1.2	0.3	(0.1)
Total	(45.9)	19.3	20.9	20.9	(5.2)	15.7	4.4	(0.1)
Adjusted results	2,601.1	773.3	322.1	301.6	(65.2)	236.4	65.6	286.8

Adjusted EBITDA is a key measure of financial performance for the Group. A reconciliation from Adjusted operating profit from the Condensed consolidated income statement is shown below:

	Six months ended 30 June					
	2026 (Unaudited)			2025 (Unaudited)		
	Attributable to			Attributable to		
	Owners of the parent company £m	**Non-controlling interests £m**	**Total £m**	Owners of the parent company £m	Non-controlling interests £m	Total £m
Adjusted operating profit/(loss)	**178.8**	**0.5**	**179.3**	322.2	(0.1)	322.1
Depreciation	**95.3**	**–**	**95.3**	113.8	0.6	114.4
Amortisation	**4.3**	**–**	**4.3**	7.2	–	7.2
Other (gains)/losses	**(1.3)**	**0.1**	**(1.2)**	2.1	–	2.1
Share of losses from associates	**0.6**	**–**	**0.6**	0.7	–	0.7
Impairment of non-current assets	**1.5**	**–**	**1.5**	14.4	–	14.4

Adjusted EBITDA	**279.2**	**0.6**	**279.8**	460.4	0.5	460.9

	Six months ended 30 June	
	2026 (Unaudited) £m	2025 (Unaudited) £m
Segment Adjusted EBITDA:		
Pellet Production	**63.9**	73.7
Biomass Generation	**159.1**	332.2
Flexible Generation	**50.2**	63.5
Energy Solutions	**27.0**	17.9
Innovation, capital projects and other	**(19.6)**	(33.4)
Intra-group eliminations	**(1.4)**	6.5
Total Adjusted EBITDA	**279.2**	460.4

Net debt

Net debt is calculated by taking the Group's borrowings (see note 7), adjusting for the impact of associated hedging instruments, adding lease liabilities and subtracting cash and cash equivalents. Net debt excludes the share of borrowings, lease liabilities and cash and cash equivalents attributable to non-controlling interests.

The Group has a number of cross-currency interest rate swaps and foreign currency forward contract that fix the sterling value of the principal repayment of certain foreign currency denominated borrowings (see note 7). See note 11 for further details of the hedging instruments used by the Group. For the purpose of calculating Net debt, hedged borrowings balances are translated at the hedged rate, rather than the rate prevailing at the reporting date, which impacts the carrying amount of the Group's borrowings. This is to take into account the effect of financial instruments entered into to hedge movements in, for example, foreign exchange rates in relation to debt principal repayments. The impact of translating borrowings at the hedged rate rather than rate prevailing at the reporting date is recognised in the impact of hedging instruments line below. Borrowings that have no hedging instruments attributed to them are translated at the rate prevailing at the reporting date.

The inclusion of lease liabilities is consistent with covenant requirements and the way debt is assessed by the Group's lenders. Net debt also includes the impact of any cash collateral receipts from counterparties or cash collateral posted to counterparties.

	As at 30 June 2026 (Unaudited) £m	As at 31 December 2025 (Audited) £m
Borrowings (note 7)	**(1,106.8)**	(979.0)
Lease liabilities	**(90.0)**	(98.6)
Cash and cash equivalents	**179.6**	302.1
Net cash, borrowings and lease liabilities	**(1,017.2)**	(775.5)
Non-controlling interests' share of cash and cash equivalents in non-wholly owned subsidiaries	**(0.3)**	(0.6)
Non-controlling interests' share of lease liabilities in non-wholly owned subsidiaries	**0.4**	0.4
Impact of hedging instruments	**(8.2)**	(7.9)
Net debt	**(1,025.3)**	(783.6)

The table below reconciles Net debt in terms of changes in these balances across the period:

	Six months ended 30 June 2026 (Unaudited) £m	Year ended 31 December 2025 (Audited) £m
Net debt at beginning of the period	**(783.6)**	(991.7)
Decrease in cash and cash equivalents	**(122.5)**	(53.9)
Decrease in non-controlling interests' share of cash and cash equivalents in non-wholly owned subsidiaries	**0.3**	0.2
(Increase)/decrease in borrowings	**(127.8)**	197.7

Decrease in lease liabilities	**8.6**	17.9
Decrease in non-controlling interests' share of lease liabilities in non-wholly owned subsidiaries	–	(0.1)
Movement in the impact of hedging instruments	**(0.3)**	46.3
Net debt at end of the period	**(1,025.3)**	(783.6)

As explained in the Basis of preparation, the Group has a long-term target for Net debt to Adjusted EBITDA ratio of around 2.0 times. Adjusted EBITDA in the table below is expressed on a last twelve months (LTM) basis.

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Net debt (£m)	**(1,025.3)**	(783.6)
Adjusted EBITDA LTM basis (£m)	**765.4**	946.6
Net debt to Adjusted EBITDA ratio	**1.3**	0.8

Cash and committed facilities

The table below reconciles the Group's available cash and committed facilities:

	As at 30 June 2026 (Unaudited) £m	As at 31 December 2025 (Audited) £m
Cash and cash equivalents	**179.6**	302.1
RCF available but not utilised[(1)]	**450.0**	450.0
Term loan agreed but not drawn down	–	190.0
Total cash and committed facilities	**629.6**	942.1

(1) As at 30 June 2026, the Group had no cash or non-cash drawings under the RCF (31 December 2025: no cash or non-cash drawings under the RCF).

Adjusted basic EPS and Adjusted diluted EPS

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Number of shares (millions):		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share[(1)]	**337.5**	360.7
Effect of dilutive potential ordinary shares under share plans	**7.7**	7.2
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**345.2**	367.9

	Six months ended 30 June			
	2026 (Unaudited)		2025 (Unaudited)	
	Adjusted results	**Total results**	Adjusted results	Total results
Profit for the period attributable to owners of the parent company (£m)	**100.3**	**166.8**	236.5	220.8
Earnings per share – basic (pence)	**29.8**	**49.4**	65.6	61.2
Earnings per share – diluted (pence)	**29.1**	**48.3**	64.3	60.0

(1) Weighted average number of ordinary shares for the purposes of calculating basic earnings per share excludes own shares held/treasury shares

Capital Expenditure

	Six months ended	Six months ended

	30 June 2026 (Unaudited) £m	30 June 2025 (Unaudited) £m
Capital additions	**109.1**	74.1
Capitalised borrowing costs in period (note 4)	**(19.9)**	(12.6)
Capital plant spares additions	**(4.7)**	(2.3)
Total capital expenditure (note 2)	**84.5**	59.2

Alternative performance measures (APMs) glossary table

The measures described below are used throughout the Condensed consolidated interim financial statements and are measures that are not defined within IFRS but provide additional information about financial performance and position that is used by the Board to evaluate the Group's trading performance. These measures have been defined internally and may therefore not be comparable to APMs presented by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself a measure defined under IFRS. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

APM	Closest IFRS equivalent measure	Purpose	Definition
Adjusted results	Total results	The Group's Adjusted results are consistent with the way the Board and executive management assesses the performance of the Group. Adjusted results are intended to reflect the underlying trading performance of the Group's businesses and are presented to assist users of the Condensed consolidated interim financial statements in evaluating the Group's trading performance and performance against strategic objectives on a consistent basis. Adjusted results excludes exceptional items and certain remeasurements. Exceptional items are those transactions that, by their nature, do not reflect the trading performance of the Group in the period. Certain remeasurements comprise fair value gains and losses that do not qualify for hedge accounting (or hedge accounting is not effective). The Group's forward contracting activity is for the purpose of economic hedging and therefore by excluding the volatility caused by recognising fair value gains and losses prior to maturity of the contracts, the Group can reflect these contracts at the contracted prices on maturity, reflecting the intended purpose of entering these contracts and the Group's underlying performance. Adjusted results are the metrics used in the calculation of Adjusted basic EPS and Adjusted diluted EPS.	Total results measured in accordance with IFRS excluding the impact of exceptional items and certain remeasurements. Exceptional items and certain remeasurements are defined in note 6.
Adjusted EBITDA	Operating profit(1)	Adjusted EBITDA is the primary measure used by the Board and executive management to assess the financial performance of the Group as it provides a more comparable assessment of the Group's year-on-year trading performance. It is also a key metric used by the investor community to assess the performance of the Group's operations.	Earnings before interest, tax, depreciation, amortisation, other gains and losses and impairment of non-current assets, excluding the impact of exceptional items and certain remeasurements (defined in note 6). Adjusted EBITDA excludes any earnings from associates or attributable to non-controlling interests.
Adjusted basic EPS	Basic EPS	Adjusted basic EPS represents the amount of Adjusted earnings (Adjusted profit after tax)	Adjusted basic EPS is calculated by dividing the Group's Adjusted earnings (Adjusted

		attributable to each ordinary share outstanding.	profit after tax) attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the period.
Adjusted diluted EPS	Diluted EPS	Adjusted diluted EPS demonstrates the impact upon the Adjusted basic EPS if all outstanding share options, that are expected to vest on their future maturity dates and where the shares are considered to be dilutive, were exercised and treated as ordinary shares as at the reporting date.	Adjusted diluted EPS is calculated by dividing the Group's Adjusted earnings (Adjusted profit after tax) attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the period and dilutive potential ordinary shares outstanding under share plans during the period.
Borrowings	n/a(2)	Borrowings provides information relating to the Group's use of debt. It is a key measure of leverage and provides information on the sources of liquidity for the Group.	Borrowings includes external financial debt, such as loan notes, term loans and amounts drawn in cash under revolving credit facilities (RCFs) (see note 7). Borrowings does not include other financial liabilities such as pension obligations, trade and other payables and working capital facilities linked directly to specific payables (such as credit cards and deferred letters of credit) that provide a short extension of payment terms of less than 12 months.
Net debt	Borrowings(2) and lease liabilities less cash and cash equivalents	Net debt is a key measure of the Group's liquidity and its ability to manage its financial obligations. Net debt is used as a basis by debt rating agencies to assess credit risk, and in the calculation of the Group's financial covenant requirements. The impact of hedging instruments included within Net debt shows the economic substance of the Net debt position, in terms of actual expected future cash flows to settle that debt.	Borrowings (as defined above) including the impact of hedging instruments, and lease liabilities calculated in accordance with IFRS 16 less cash and cash equivalents. Net debt excludes the proportion of cash, lease liabilities and borrowings in non-wholly owned entities that would be attributable to the non-controlling interests. Net debt includes the impact of foreign currency hedging instruments, meaning that any borrowings that have associated hedging instruments in place are adjusted to reflect those borrowings at the hedged rate. Net debt includes the impact of any cash collateral receipts from counterparties or cash collateral posted to counterparties.
Net debt to Adjusted EBITDA ratio	Borrowings(2) and lease liabilities less cash and cash equivalents divided by operating profit(1)	The Net debt to Adjusted EBITDA ratio is a debt ratio that gives an indication of how many years it would take the Group to pay back its debt if Net debt and Adjusted EBITDA are held constant. The Group has a long-term target for Net debt to Adjusted EBITDA of around 2.0 times.	Net debt divided by Adjusted EBITDA for the last twelve months, expressed as a multiple.
Cash and committed facilities	Cash and cash equivalents	This is a key measure of the Group's available liquidity and the Group's ability to manage its current obligations. It shows the value of cash available to the Group in a short period of time.	Total cash and cash equivalents plus the value of the Group's committed but undrawn facilities (including the Group's RCF, loan facilities and the Energy Solutions non-recourse trade receivables monetisation facility, to the extent that there are eligible receivables available to utilise undrawn amounts).
Capital expenditure	Property, plant and equipment (PPE) additions and intangible asset additions	Used to show the Group's total investment in PPE and intangible assets in a period.	PPE additions plus intangible asset additions, excluding capitalised borrowing costs and capital plant spare additions.

(1) Operating profit is presented on the Group's Condensed consolidated income statement; however, it is not defined per IFRS. Operating profit is a generally accepted measure of profit.

(2) Borrowings are presented in the Group's Condensed consolidated balance sheet; they are a commonly used balance sheet line-item heading, however borrowings are not defined by IFRS and therefore the Group's borrowings may not be comparable to borrowings presented by other companies.

7. Borrowings

The Group's borrowings at each reporting date were as follows:

	As at 30 June 2026 (Unaudited)				As at 31 December 2025 (Audited)			
	Effective sterling interest rate(1) %	**Principal Value m**	**Year of maturity**	**Amortised cost £m**	Effective sterling interest rate(1) %	Principal Value m	Year of maturity	Amortised cost £m
Non-current secured borrowings:								
5.875% EUR loan notes 2029	**7.5%**	**€350.0**	**2029**	**303.2**	7.5%	€350.0	2029	306.5
UK infrastructure private placement facility (2019)	**5.7%**	**£50.0**	**2029**	**49.7**	3.0%	£50.0	2029	49.7
UK infrastructure private placement facility (2020)	**4.7%**	**€31.5 + £53.0**	**2028 – 2030**	**80.0**	2.6%	€31.5 + £98.0	2027 – 2030	125.2
GBP and EUR term loan facility (2024)	**5.4%**	**€185.0 + £100.0**	**2028 – 2029**	**258.9**	5.5%	€185.0 + £100.0	2028 – 2029	260.6
£125m GBP term loan facility (2024)	**6.3%**	**£30.0**	**2029**	**30.1**	6.2%	£125.0	2027 – 2029	125.6
£50m GBP term loan facility (2024)	**5.5%**	**£50.0**	**2028**	**50.2**	5.5%	£50.0	2028	50.1
£190m GBP term loan facility (2025)	**5.2%**	**£190.0**	**2027**	**194.0**	–	–	n/a	–
Current secured borrowings:								
UK infrastructure private placement facility (2020)	**5.0%**	**£45.0**	**2027**	**45.0**	2.1%	€70.0	2026	61.3
£125m GBP term loan facility (2024)	**6.2%**	**£95.0**	**2027**	**95.7**	–	–	n/a	–
Total borrowings				**1,106.8**				979.0
Current				**140.7**				61.3
Non-current				**966.1**				917.7

(1) The effective sterling interest rate includes the impact of any interest rate and cross-currency interest rate swaps.

The effective sterling interest rate gives the rate that the Group has fixed the sterling interest payments at on each of the facilities, using a combination of interest rate swaps and cross-currency interest rate swaps. Cross-currency interest rate swaps as well as foreign currency forward contracts are used to fix the sterling repayment of the principal.

The Group has a committed £450.0 million RCF. The maturity of the facility has been extended during the period, from August 2028 to August 2029. The facility has a customary margin grid referenced over SONIA with adjustments linked to certain Scope 1, 2 and 3 carbon emissions which are based on the Group's 2030 SBTi targets. No cash has been drawn since its inception and it remained undrawn as at 30 June 2026.

In December 2025, the Group signed a new secured committed £190.0 million term loan facility (2025) and this was fully drawn in January 2026. The facility has an initial maturity date of December 2026 with two 6-month extension options available at the Group's discretion. Interest on the facility is set at a margin over SONIA. Also, during January, the Group repaid €70 million of the UK infrastructure private placement facility (2020) at maturity.

In June 2026, the Group exercised an extension option on its €135.0 million tranche of the GBP and EUR term loan facility (2024), extending the maturity from February 2028 to February 2029.

In June 2026, the Group signed a new secured committed £1,082.7 million facility to support the acquisition of Bluefield Solar Investment Fund. The facility is conditional on completion of the deal and will not be drawn until the acquisition completes.

See note 6 for further details on the Group's cash and committed facilities.

The Group has complied with the financial covenants of its borrowing facilities during the current period and prior year. The Group has significant headroom against these covenants and expects to remain compliant in future periods under all reasonably possible downside scenarios.

The weighted average interest rate payable at the reporting date on the Group's borrowings was 5.95% (31 December 2025: 5.40%).

Reconciliation of borrowings

The tables below show the movement in borrowings during the current and comparative periods:

	Six months ended 30 June 2026 (Unaudited)						
	Opening amortised cost £m	Amounts drawn £m	Transaction costs £m	Amounts repaid £m	Cash interest payments £m	Non-cash movements £m	Closing amortised cost £m
5.875% EUR loan notes 2029	**306.5**	**–**	**–**	**–**	**(8.9)**	**5.6**	**303.2**
UK infrastructure private placement facility (2019)	**49.7**	**–**	**–**	**–**	**(1.4)**	**1.4**	**49.7**
UK infrastructure private placement facility (2020)	**186.5**	**–**	**–**	**(61.5)**	**(3.7)**	**3.7**	**125.0**
GBP and EUR term loan facility (2024)	**260.6**	**–**	**(0.1)**	**–**	**(6.0)**	**4.4**	**258.9**
£125m GBP term loan facility (2024)	**125.6**	**–**	**–**	**–**	**(3.6)**	**3.8**	**125.8**
£50m GBP term loan facility (2024)	**50.1**	**–**	**–**	**–**	**(1.4)**	**1.5**	**50.2**
£190m GBP term loan facility (2025)	**–**	**190.0**	**(0.6)**	**–**	**–**	**4.6**	**194.0**
Total borrowings	**979.0**	**190.0**	**(0.7)**	**(61.5)**	**(25.0)**	**25.0**	**1,106.8**

Non-cash movements on borrowings comprises foreign exchange gains of £5.7 million and interest costs of £30.7 million.

	Year ended 31 December 2025 (Audited)						
	Opening amortised cost £m	Amounts drawn £m	Transaction costs £m	Amounts repaid £m	Cash interest payments £m	Non-cash movements £m	Closing amortised cost £m
2.625% EUR loan notes 2025	119.0	–	–	(124.8)	(3.2)	9.0	–
5.875% EUR loan notes 2029	289.5	–	–	–	(17.6)	34.6	306.5
UK infrastructure private placement facility (2019)	49.5	–	–	–	(3.1)	3.3	49.7
UK infrastructure private placement facility (2020)	181.0	–	–	–	(9.2)	14.7	186.5
CAD term loan facility	111.0	–	–	(108.8)	(4.7)	2.5	–
GBP and EUR term loan facility (2024)	251.9	–	(0.2)	–	(13.0)	21.9	260.6
£125m GBP term loan facility (2024)	124.9	–	–	–	(7.9)	8.6	125.6
£50m GBP term loan facility (2024)	49.9	–	–	–	(3.0)	3.2	50.1
Total borrowings	1,176.7	–	(0.2)	(233.6)	(61.7)	97.8	979.0

Non-cash movements in borrowings comprises foreign exchange losses of £32.1 million and interest costs of £65.7 million.

8. Cash generated from operations

The table below reconciles the Group's profit for the period to the amount of cash generated from the Group's operations.

	Six months ended 30 June	
	2026 (Unaudited) £m	2025 (Unaudited) £m
Profit for the period	**167.8**	220.7
Adjustments for:		
Interest payable and similar charges(1)	**35.2**	42.3
Interest receivable and similar gains	**(8.9)**	(9.8)
Tax charge	**54.5**	60.0
Research and development tax credits	**1.3**	–
Share of losses from associates	**0.6**	0.7
Depreciation of property, plant and equipment	**86.3**	100.7
Depreciation of right-of-use assets(1)	**9.8**	13.7

Amortisation of intangible assets	**4.3**	7.2
Impairment of non-current assets	**1.5**	14.4
(Profits)/losses on disposal of fixed assets	**(0.5)**	2.8
Certain remeasurements of derivative contracts(2)	**(104.5)**	8.0
Non-cash charge for share-based payments	**6.0**	7.2
Effect of changes in foreign exchange rates	**0.2**	12.3
Operating cash flows before movement in working capital	**253.6**	480.2
Changes in working capital:		
(Increase)/decrease in inventories	**(46.8)**	26.5
Increase in renewable certificate assets	**(290.4)**	(356.5)
Decrease in receivables	**6.6**	157.6
Increase in payables	**142.6**	119.4
Net movement in derivative-related collateral	**13.1**	(43.4)
Decrease in provisions	**(0.1)**	(5.9)
Total cash absorbed by working capital	**(175.0)**	(102.3)
Pension service charge less contributions paid	**0.8**	(0.4)
Cash generated from operations	**79.4**	377.5

(1) Included within the adjustments above are interest charged on lease liabilities of £0.1 million and depreciation charged on right-of-use assets of £0.8 million in relation to the Group's salary sacrifice EV scheme. These costs are presented within staff costs within operating and administrative expenses in the Condensed consolidated income statement.

(2) Certain remeasurements of derivative contracts includes the effect of non-cash unrealised gains and losses recognised in the Condensed consolidated income statement and their subsequent cash realisation. It also includes the cash impact of deferring gains and losses on derivative contracts designated into hedge relationships under IFRS 9, where the gain or loss is held in the hedge reserve and then released to the Condensed consolidated income statement in the period the hedged transaction occurs.

The most significant factors contributing to cash generated from operations are explained in further detail below.

The £104.5 million outflow due to the adjustment for certain remeasurements of derivative contracts (six months ended 30 June 2025: £8.0 million inflow) relates to unrealised fair value gains and losses on open derivative contracts offset by cash payments on maturing trades.

The Group actively manages its liquidity requirements. This includes managing collateral associated with the hedging of power and other commodities, as well as other contractual arrangements. In certain situations, the Group is able to use non-cash collateral, such as letters of credit and surety bonds, in place of cash collateral.

The Group has had a net cash inflow of £13.1 million from the movement in derivative-related cash collateral during the six months ended 30 June 2026 (six months ended 30 June 2025: £43.4 million outflow). As at 30 June 2026 the Group had posted £6.4 million (as at 31 December 2025: £19.4 million) of cash collateral payments recognised in receivables and held cash collateral receipts of £0.1 million (as at 31 December 2025: £nil), recognised in payables.

The Group had also utilised £24.5 million (as at 31 December 2025: £14.5 million) of letters of credit and £52.0 million (as at 31 December 2025: £20.0 million) of surety bonds to cover commodity trading collateral requirements.

The Group has a strong focus on cash flow discipline and managing liquidity. The Group manages its working capital position by managing payables, receivables, inventories and renewable certificate assets to ensure that working capital committed is closely aligned with operational requirements. The impact of these actions on the cash flows of the Group is explained further below.

The table below sets out the key arrangements utilised by the Group to manage working capital:

	As at 30 June 2026 (Unaudited) £m	As at 31 December 2025 (Audited) £m	**Working capital inflow/ (outflow) in the period (Unaudited) £m**
Receivables monetisation	**301.4(1)**	348.4(1)	**(47.0)**
ROC monetisation sales	**100.4**	50.0	**50.4**
Deferred letters of credit	**(128.6)**	(73.2)	**55.4**

(1) As at 30 June 2026 the Group had sold £295.8 million (31 December 2025: £275.6 million) of receivables under this facility. At 30 June 2026 the Group had recognised an amount payable to the facility provider of £5.6 million (31 December 2025: £72.8 million), being the movement in the receivables sold compared to the prior month. This amount was paid to the facility provider in July 2026 (31 December 2025: January 2026), therefore as at 30 June 2026 the utilisation of the facility was £301.4 million (31 December 2025: £348.4 million).

None of the balances in the table above are included within the Group's definition of Net debt or borrowings (see note 6 for further details on Net debt and note 7 for further details on borrowings). The Energy Solutions business has access to a monetisation facility which enables it to accelerate cash flows associated with amounts receivable from energy supply customers on a non-recourse basis. The non-recourse nature means that there is no future liability associated with the underlying receivables once sold. Through standard ROC sales and ROC purchase arrangements the Group is able to manage the working capital cycle of inflows and outflows of these assets. The deferred letters of credit facilities are linked directly to specific payables that provide a short extension of payment terms of less than 12 months. The impact of these facilities on the cash flows of the Group is explained further below.

During the six months to 30 June 2026 there was a £290.4 million outflow due to a combination of generation, utilisation, purchases and sales of renewable certificates (six months ended 30 June 2025: £356.5 million). The outflow is predominantly due to an increase in the value of renewable certificates generated and still held by the Group. The Group monetised £100.4 million ROCs using these standard renewable certificate sales during the period (30 June 2025: £nil).

The receivables monetisation facility matures in January 2030. The Group has the option to set the facility limit between £300.0 million and £400.0 million, subject to lender approval. The limit was £300.0 million as at 30 June 2026 (31 December 2025: £350.0 million). The amount utilised under the facility was £301.4 million at 30 June 2026 (as at 31 December 2025: £348.4 million) resulting in a cash outflow of £47.0 million in the six months ended 30 June 2026 (six months ended 30 June 2025: £32.2 million).

Payables have increased since 31 December 2025 with a cash inflow of £142.6 million in the six months ended 30 June 2026 (six months ended 30 June 2025: £119.4 million). This increase is predominantly due to an increase in renewable certificate accruals. Certain of the Group's suppliers are able to access a supply chain finance facility provided by a bank, for which funds can be accelerated in advance of normal payment terms. At 30 June 2026, the Group had trade payables of £30.7 million (as at 31 December 2025: £62.6 million) related to this supply chain finance facility. The facility does not directly impact the Group's working capital, as payment terms remain unaltered with the Group and would remain the same should the facility fall away.

The Group also utilises deferred letters of credit which provide a working capital benefit for the Group due to a short extension of payment terms of less than 12 months. The amount outstanding under deferred letters of credit at 30 June 2026 was £128.6 million (as at 31 December 2025: £73.2 million). Of the total deferred letters of credit, £34.9 million (as at 31 December 2025: £42.4 million) were utilised for capital expenditure and £93.7 million (as at 31 December 2025: £30.8 million) were utilised for trade payables. Utilisation of deferred letters of credit has impacted the purchases of property, plant and equipment line in the Condensed consolidated cash flow statement and the movement in payables line above.

9. Share capital

The Group's ordinary share capital reflects the total number of shares in issue, which are publicly traded on the London Stock Exchange.

Issued equity

The movement in allotted and fully paid share capital of the Company during the period was as follows:

	Six months ended 30 June 2026 (Unaudited)	
	£m	**Number**
Issued and fully paid:		
At 1 January 2026	**49.9**	**432,171,763**
Issue of shares	**0.1**	**727,262**
At 30 June 2026	**50.0**	**432,899,025**

The Company has only one class of shares, which are ordinary shares of 11 16/29 pence each, carrying no right to fixed income. Throughout the period, shares were issued in satisfaction of options vesting in accordance with the rules of the Group's employee share schemes. For further details of the schemes, refer to pages 206-210 in the Group's 2025 Annual report and accounts.

On 31 July 2025, the Group announced a £450 million share buyback programme, to commence following the completion of the £300 million share buyback programme that took place between 2024 and 2025.

As at 30 June 2026, £76.5 million of shares have been repurchased under this programme, of which £41.1 million of shares have been repurchased in the six months to 30 June 2026 and recognised as treasury shares. See page 197 in the Group's 2025 Annual report and accounts for further details.

Following the announcement in June 2026 of the recommended cash offer for the entire issued share capital of Bluefield Solar Investment Fund (see note 13), the share buyback programme has been paused. The shares purchased by the Group have not been cancelled and so continue to be included in the issued shares in the above table. See page 197 in the Group's 2025 Annual report and accounts for further details.

As at 30 June 2026 the own shares reserve comprises 96.3 million (31 December 2025: 91.8 million) shares at a value of £575.2 million (31 December 2025: £534.6 million) held in treasury.

10. Financial risk management

The Group's activities expose it to a variety of financial risks, including commodity price risk, foreign currency risk, interest rate risk, liquidity risk, inflation risk, counterparty risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of commodity and financial markets and seeks to manage potential adverse effects on the Group's financial performance.

The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is overseen by the Risk management committees which identify, evaluate and manage financial risks in close coordination with the Group's trading and treasury functions, under policies approved by the Board.

See pages 219–236 of the Group's 2025 Annual report and accounts for further details on the Group's financial risk management.

11. Fair value financial instruments

The Group makes use of derivative financial instruments to manage its exposure to the financial risks set out in note 10.

The own-use exemption within IFRS 9 applies to certain commodity contracts that are entered into and held for the purpose of physical receipt or delivery in accordance with the Group's expected purchase, sale or usage requirements. Certain other contracts are outside the scope of IFRS 9 as there is not a sufficiently liquid market for the commodity to bring the contracts into scope. In both cases, these contracts are excluded from the requirement to apply fair value mark-to-market accounting.

Contracts for non-financial assets which do not qualify for the own-use exemption (principally wholesale power, gas and carbon emissions allowances) and financial contracts (principally foreign exchange, interest, cross-currency interest, inflation, financial oil and financial freight) are accounted for as derivatives in accordance with IFRS 9 and are recorded in the Condensed consolidated balance sheet at fair value. Changes in the fair value of derivative financial instruments are reflected through other comprehensive income within the Condensed consolidated statement of comprehensive income and retained within the hedge reserve, to the extent that the contracts are designated as effective hedges in accordance with IFRS 9, or in the Condensed consolidated income statement where the hedge accounting requirements are not met, or the hedges are ineffective. Movements on these derivatives are excluded from Adjusted results in the Condensed consolidated income statement until the relevant contract matures. See note 6 for further details on the timing and recognition of derivative contracts in Adjusted results.

For financial reporting purposes, the Group has classified derivative financial instruments into the following categories:

- Commodity contracts – Forward contracts for the sale or purchase of a commodity which may or may not be settled through physical delivery of the commodity
- Foreign currency exchange contracts – Currency-related contracts including forwards, swaps, vanilla options and structured option products
- Interest rate and cross-currency contracts – Contracts that swap one interest rate for another in a single currency, including floating-to-fixed interest rate swaps, and contracts which swap interest and principal cash flows in one currency for another currency, including fixed-to-fixed and floating-to-fixed cross-currency interest rate swaps
- Inflation rate contracts – Swap contracts, such as floating-to-fixed, that are linked to an inflation index such as the UK Retail Price Index (RPI) or the UK Consumer Price Index (CPI)

The table below details the carrying amounts recognised in respect of the Group's derivative financial instruments:

	As at 30 June 2026 (Unaudited) £m	As at 31 December 2025 (Audited) £m
Derivative assets		
Commodity contracts	**73.1**	59.4
Foreign currency exchange contracts	**20.9**	27.7
Interest rate and cross-currency contracts	**1.7**	5.9
Total derivative assets	**95.7**	93.0
Split between:		
Non-current assets	**36.0**	24.4
Current assets	**59.7**	68.6

Derivative liabilities		
Commodity contracts	**(111.8)**	(40.0)
Foreign currency exchange contracts	**(55.4)**	(99.4)
Interest rate and cross-currency contracts	**(3.6)**	(12.6)
Inflation rate contracts	**(16.2)**	(97.8)
Total derivative liabilities	**(187.0)**	(249.8)
Split between:		
Non-current liabilities	**(53.6)**	(75.6)
Current liabilities	**(133.4)**	(174.2)
Total net derivative financial instruments	**(91.3)**	(156.8)

IFRS 13 requires categorisation of the Group's financial instruments measured at fair value, including the derivative financial instruments detailed in the table above, in accordance with the following hierarchy in order to explain the basis on which their fair values have been determined:

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

Categorisation within this fair value measurement hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability.

The table below details the carrying amounts of fair value financial instruments including their levels in the fair value hierarchy:

	As at 30 June 2026 (Unaudited) £m	As at 31 December 2025 (Audited) £m
Assets		
Level 2:		
Derivative financial instruments (as above)	**95.7**	93.0
Total assets	**95.7**	93.0
Liabilities		
Level 2:		
Derivative financial instruments (as above)	**(187.0)**	(249.8)
Total liabilities	**(187.0)**	(249.8)

There have been no transfers during the current or prior period between Level 1, 2 or 3 category inputs.

The Group has a large portfolio of commodity and financial contracts (including forward power sales, financial gas sales and financial oil purchases) and also has a large portfolio of forward currency contracts which fix the sterling cost of future biomass purchases denominated in foreign currencies. The Group has entered into a number of inflation swap contracts in order to hedge annual price increases in certain elements of its generation activities, such as its Capacity Market revenue, linked to UK CPI. The Group also has a number of interest rate and cross-currency interest rate swaps to hedge the interest rate and foreign exchange risk on the Group's borrowings.

Fair value measurement

- Commodity contracts – The fair value of open commodity contracts that do not qualify for the own-use exemption or are otherwise outside of the scope of IFRS 9, is calculated by reference to forward commodity market prices at the reporting date.
- Foreign currency exchange contracts – The fair value of foreign currency exchange contracts is determined using forward currency exchange market rates at the reporting date.
- Interest rate and cross-currency contracts – The fair value of interest rate swaps is calculated by reference to forward market curves at the reporting date for the relevant interest index. The fair value of cross-currency

interest rate swaps is calculated using the relevant forward currency exchange market rates for fixed-to-fixed swaps and by using the relevant forward currency exchange market rates and interest index for floating-to-fixed swaps.
- Inflation rate contracts – The fair value of inflation rate swaps is calculated by reference to forward market curves at the reporting date for the relevant inflation index.

Given the maturity profile of all these contracts, liquid forward market price curves are available for the duration of the contracts.

The fair values of all derivative financial instruments are discounted to reflect both the time value of money and credit risk inherent within the instrument.

The fair value of commodity contracts, foreign currency exchange contracts, interest rate swaps, cross-currency interest rate swaps and inflation rate contracts are largely determined by comparison between observable, liquid, forward market prices or rates, and the trade price or rate; therefore, these contracts are categorised as Level 2 in the IFRS 13 fair value hierarchy. Credit risk is not a significant input to the fair value calculations.

12. Contingencies

Contingent assets are potential assets that arise from past events whose existence will be confirmed by a future event that is outside of the control of the Group. The amount or timing of any potential receipt is uncertain. Contingent liabilities are potential obligations that arise from past events whose existence will be confirmed by a future event that is outside of the control of the Group. The amount or timing of any potential outflow is uncertain.

As at 30 June 2026, the Group had the following contingent liabilities:

Environmental

The Group's subsidiaries operate facilities in the United States that are subject to federal, state and local environmental laws and regulations.

In 2025, certain of the Group subsidiaries were named as defendants in two civil proceedings filed in the United States Federal Court in the Southern District of Mississippi. One proceeding has been brought as a putative class action and alleges property damage, personal injury and other harms alleged to arise from environmental emissions or other aspects of local site operations. The second proceeding has been brought as a mass action and includes similar health and property harm allegations but additionally asserting violations of the Clean Air Act.

The Group intends to defend both proceedings vigorously. The matters remain at an early stage and significant factual, legal and evidential uncertainties exist. Accordingly, the ultimate outcome and potential financial or operational impact cannot currently be predicted with certainty.

Having considered the nature of the claims and the current procedural status of the proceedings, management has concluded that no provision should be recognised at the reporting date. Given the uncertainties inherent in the litigation process, the matters are disclosed as contingent liabilities in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

At this stage, these matters, either individually or in aggregate, are not considered to be material to the Group's financial position. However, the ultimate resolution of the proceedings could differ from current expectations and the Group will continue to monitor developments and will update disclosures as required.

Litigation of this nature in the United States can be complex, protracted, and costly to defend. Additionally, with litigation of this nature in the United States, there is risk of complaints expanding to more sites where the Group’s subsidiaries operate facilities.

Third Party Intermediary commissions

Recent judicial developments relating to commission disclosure obligations of Third-Party Intermediaries (“TPIs”), particularly in the non-domestic energy sector, have increased the potential for claims by commercial customers alleging hidden or undisclosed broker commissions. A series of recent judgments have provided additional guidance on how such claims will be considered by the English courts. The Group is in the process of reassessing the potential exposure from existing and threatened commercial customer claims in light of such legal developments. At this stage, it is not considered to be material to the Condensed consolidated interim financial statements.

Construction contract dispute

The Group has received claims for additional costs under a number of construction contracts with a contractor responsible for the construction of Group assets. The Group has rejected the contractor’s claims and considers it has a contractual right to receive delay liquidated damages under one such construction contract.

Discussion of the respective claims remains ongoing and contractual dispute resolution mechanisms apply. Having considered the facts currently available, together with internal and external legal advice, the Directors do not believe that it is probable that a material economic outflow will be required to settle the contractor's claims. Consequently, no provision has been recognised in the Condensed consolidated interim financial statements.

Due to the inherent uncertainties associated with the dispute, including the status of negotiations and the range of potential outcomes, the Group is unable to reliably estimate the financial effect of the matter at the reporting date. The matter is therefore disclosed as a contingent liability in accordance with IAS 37. The Group's counterclaims may, depending on the outcome of future proceedings, partially or fully offset any amounts that may ultimately become payable.

In accordance with IAS 37, no further information regarding the estimated financial effect has been disclosed as a reliable estimate cannot presently be made.

13. Acquisitions

In October 2025, the Group announced the acquisition of a 260MW 2-hour BESS portfolio consisting of two sites in Scotland and one in Northern England. The acquisition of two of these sites, Marfleet and Neilston, completed in 2025. The third site, East Kilbride, completed in March 2026 for £5.5 million.

In March 2026 the Group completed the acquisition of Flexitricity Limited, a UK-based optimiser of flexible energy assets, for £40.1 million. There was no contingent or deferred consideration. The Group has a one-year measurement period from the acquisition date to finalise the acquisition accounting. As such, the purchase price allocation work in relation to this acquisition is in progress as at 30 June 2026 and is expected to be completed in the second half of 2026. It is expected that the majority of the purchase price will be allocated to intangible assets.

In June 2026 the Group made a recommended cash offer of approximately £548.0 million for the entire issued share capital of BSIF, a publicly listed company which operates a portfolio of UK-based renewable energy infrastructure assets including solar and onshore wind. As at 30 June 2026, this acquisition is pending regulatory and shareholder approvals. Should it proceed, it is expected to complete in the second half of 2026.

14. Adoption of new and amended accounting standards

The following amendments became effective for the first time in 2026. The Group adopted the following from 1 January 2026:

- IFRS 9 (amended) and IFRS 7 (amended) – Amendments to the Classification and Measurement of Financial Instruments – effective from 1 January 2026
- IFRS Accounting Standards – Annual Improvements to IFRS Accounting Standards – Volume 11 – effective from 1 January 2026
- IFRS 9 (amended) and IFRS 7 (amended) – Contracts Referencing Nature-dependent Electricity – effective from 1 January 2026

The adoption of these amendments in the current period has not had a material impact on these Condensed consolidated interim financial statements.

At the date of approval of this report, the following new or amended standards and relevant interpretations, which have not been applied in these Condensed consolidated interim financial statements, were in issue but not yet effective:

- IFRS 10 (amended) – Consolidated Financial Statements – effective date deferred indefinitely(1)
- IAS 28 (amended) – Investments in Associates and Joint Ventures (2011) – effective date deferred indefinitely(1)
- IFRS 18 – Presentation and Disclosure in Financial Statements – effective from 1 January 2027
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures – effective from 1 January 2027
- IAS 21 – Translation to a Hyperinflationary Presentation Currency - effective from 1 January 2027(1)
- IFRS 20 – Regulatory Assets and Regulatory Liabilities – effective from 1 January 2029(1)

(1) Pending endorsement by the UK Endorsement Board (UKEB).

On 9 April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements, which is expected to be effective for periods commencing on or after 1 January 2027. This was endorsed by the UK Endorsement Board on 12 December 2025. The standard will replace IAS 1 Presentation of Financial Statements. Whilst IFRS 18 will not directly impact recognition or measurement, it will impact how amounts are presented, with the principal changes being:

- Categorisation of all income and expenditure into three new defined categories: Operating, Investing and Financing
- Introduction of two new defined subtotals to be presented within the income statement: Operating profit and Profit before financing and income taxes
- New disclosure requirement for Management Performance Measures (MPMs)

– New requirements regarding the aggregation and disaggregation of information to be presented in the financial statements

The Group is currently considering the impact of applying IFRS 18, prior to adoption. From the transition work completed so far, the Group expects the main impact to be in relation to the presentation of the Group's Consolidated income statement, as the Group determines the most appropriate categorisations and breakdowns of income and expense items to present. This will likely result in new consolidated income statement categories, different disaggregation of certain types of income and expenses, and will result in different subtotals being presented to those used currently. The Group does not expect a significant impact on either the APMs currently disclosed by the Group, or the level of disclosure provided, as many of the MPM disclosure requirements of IFRS 18 are already provided by the Group. However, the Group's current APMs will be clearly distinguished between those that meet the IFRS 18 definition of an MPM to which the requirements of IFRS 18 apply, and other performance measures provided. The Group's Consolidated cash flow statement under IFRS 18 will start at operating profit, rather than profit after tax, and interest paid and interest received will be presented in financing and investing activities respectively, rather than within operating activities as they are currently. Apart from the impacts described above, the new requirements are not expected to significantly impact any other primary statements or related disclosures.

Adoption of other new or amended standards and relevant interpretations in future periods is not expected to have a material impact on the Consolidated financial statements of the Group. The Group will continue to monitor the developments of these new or amended standards as and when they are endorsed for use in the United Kingdom.

Independent review report to Drax Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Drax Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results of Drax Group plc for the 6 month period ended 30 June 2026 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 June 2026;
- the Condensed consolidated income statement and the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results of Drax Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of this report

This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
29 July 2026

Glossary

Ancillary services
Services provided to National Grid used for balancing supply and demand or maintaining secure electricity supplies within acceptable limits. They are described in Connection Condition 8 of the Grid Code.

Availability
Average percentage of time the units were available for generation.

BECCS
Bioenergy with carbon capture and storage, with carbon resulting from power generation captured and stored.

BESS
Battery energy storage system.

Biomass
Organic material of non-fossil origin, including organic waste, that can be converted into bioenergy through combustion. The Group uses sawmill and other wood industry residues and forest residuals (which includes low-grade roundwood, thinnings, branches and tops) in the form of compressed wood pellets, to generate electricity at Drax Power Station or sell the pellets to third parties.

BSIF
Bluefield Solar Income Fund, a publicly listed company which operates a portfolio of UK-based renewable energy infrastructure assets including solar and onshore wind.

Capacity Market
Part of the UK Government's Electricity Market Reform, the Capacity Market is intended to ensure security of electricity supply by providing a payment for reliable sources of capacity.

Carbon capture and storage (CCS)
The process of trapping or collecting carbon emissions from a large-scale source and then permanently storing them.

Contracts for Difference (CfD)
A mechanism to support investment in low-carbon electricity generation. The CfD works by stabilising revenues for generators at a fixed-price level known as the "strike price". Generators will receive revenue from selling their electricity into the market as usual; however, when the market reference price is below the strike price, they also receive a top-up payment for the additional amount. Conversely, if the reference price is above the strike price, the generator must pay back the difference.

Dispatchable power
An electricity generator produces dispatchable power when the power can be ramped up and down, or switched on or off, at short notice to provide (or dispatch) a flexible response to changes in electricity demand. Biomass, pumped storage, coal, oil, and gas electricity generation can meet these criteria and hence can be dispatchable power sources. Nuclear can be dispatched against an agreed schedule but is not flexible. Wind and solar electricity cannot be scheduled and hence are not dispatchable. An electricity system requires sufficient dispatchable power to operate and remain safe.

ESG
Environmental, Social and Governance.

Flexgen
The reportable segments Flexible Generation and Energy Solutions.

Forced outage/Unplanned outage
Any reduction in plant availability, excluding planned outages.

FSC®
Forest Stewardship Council: an international non-governmental organisation which promotes responsible management of the world's forests.

IFRS
International Financial Reporting Standards.

Mt pa
Million tonnes per annum.

MWh
Megawatt hour.

NESO
National Energy System Operator.

Open Cycle Gas Turbine (OCGT)
A free-standing gas turbine, using compressed air, to generate electricity.

Planned outage
A period during which scheduled maintenance is executed according to the plan set at the outset of the year.

REGO
The Renewable Energy Guarantees of Origin (REGO) scheme provides certificates called REGOs which demonstrate electricity has been generated from renewable sources.

ROC
A Renewables Obligation Certificate (ROC) is a certificate issued to an accredited generator for electricity generated from eligible renewable sources.

SBTi
Science Based Targets initiative

SONIA
Sterling Overnight Index Average

Summer
The calendar months April to September.

Sustainable biomass
Biomass which complies with the definition of “sustainable source”, Schedule 3, Land Criteria, UK Renewables Obligation Order 2015.

System operator
National Grid Electricity Transmission. Responsible for the co-ordination of electricity flows onto and over the transmission system, balancing generation supply and user demand.

Total Recordable Incident Rate (TRIR)
The frequency rate is calculated on the following basis: (fatalities, lost time injuries and worse than first aid injuries)/hours worked x 100,000.

TWh
Terawatt hour.

Winter
The calendar months October to March.