31 July 2025

DRAX GROUP PLC (Symbol: DRX)

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

Leading dispatchable renewable power generator, delivering for the UK system and for shareholders

Six months ended 30 June	H1-25	H1-24
Key financial performance measures		
Adjusted EBITDA(1/2/3) (£ million)	460	515
Net debt(4) (£ million)	1,062	1,159
Adjusted basic EPS(1) (pence)	65.6	65.6
Dividend per share (pence)	11.6	10.4
Total financial performance measures		
Operating profit (£ million)	301	518
Profit before tax (£ million)	281	463

Drax Group CEO, Will Gardiner, said: "Drax is the leading dispatchable renewable power company in the UK, delivering 5% of the UK's power and significantly more when the system needs it. Thousands of our colleagues at Drax and in our supply chain work tirelessly to ensure our assets continue to help keep the lights on for millions of this country's households and countless businesses, no matter the weather.

"During the first half of the year, we made significant progress towards ensuring we continue to play an important role in UK energy security through this decade and beyond, reaching a heads of terms with the UK Government on a low-carbon dispatchable CfD. We expect to sign a final agreement later this year and look forward to continuing to play a critical role in the UK system into the future.

"Across the Group we are confident in our ability to generate significant free cash flow through 2031 and are focused on aligning the business to deliver.

"The energy transition is creating significant value opportunities aligned with the UK's energy needs and we will continue to explore investing in those in a disciplined fashion consistent with our capital allocation policy."

Highlights

- Strong operational and financial performance across the Group
  - High levels of renewable generation and system support – 5% of UK power, 11% of UK renewables
  - Record levels of pellet production – 5% increase vs. H1-24
- Strong balance sheet
  - £726 million of cash and committed facilities, with debt maturities profiled towards 2030
  - 1.1x Net debt to Adj. EBITDA(5)
- Sustainable and growing dividend – interim dividend of 11.6 pence per share (H1-24: 10.4 pence per share)
  - Expected full year dividend up 11.5% to 29.0 pence per share (2024: 26.0 pence per share)
- Return of surplus capital beyond investment requirements, in line with capital allocation policy
  - £300 million share buyback programme ongoing, c.£272 million complete
  - Additional £450 million three-year buyback extension to follow current buyback, supported by cash flow from c.£0.5 billion working capital inflow from end of Renewables Obligation scheme in 2027

Progress on low-carbon dispatchable CfD Heads of Terms for Drax Power Station

- Legislation in place and CMA review of Gov. process for CfD compatibility with subsidy control framework complete
- Negotiation of final contract in progress

Full year 2025 expectations for Adj. EBITDA unchanged

- Analyst consensus for 2025 Adj. EBITDA is £899 million, with a range of £889-910 million(6)

Targeting post 2027 Adj. EBITDA of £600-700m pa – FlexGen, Pellet Production and Biomass Generation(7)

- FlexGen & Energy Solutions – pumped storage, hydro, Open Cycle Gas Turbines (OCGTs) and Energy Solutions
  - Opportunity from continued rollout of intermittent renewables and growing system support need
- Pellet Production – current annual EBITDA supported via low-carbon CfD, opportunities for further improvement
  - Opportunities for sales in existing and new markets, including Sustainable Aviation Fuel (SAF) and own-use
  - Positioned to capture value in supply chain as a producer, user and seller of biomass in the global market
- Biomass Generation – targeting average Adj. EBITDA of £100-200 million pa (Apr-27 to Mar-31)

High quality assets and post 2027 EBITDA targets underpin increased visibility on free cash flow (2025-2031)(8)

- Includes c.£0.5 billion working capital inflow from Renewables Obligation scheme, supporting buyback extension
- Expect significant free cash flow post dividend and buybacks to support investment for growth, subject to returns

Disciplined capital allocation policy supports investment for growth and returns to shareholders
- Strong balance sheet
- Investment to maintain and grow asset base
  - Investment in maintaining good operations from existing asset base
  - FlexGen – OCGT commissioning from H2-25, opportunities for pumped storage and short duration storage
  - Pellet Production – any further investment subject to greater visibility on post 2027 biomass demand, incl. SAF
  - Biomass Generation – development of options for 4GW of grid access (incl. 1.3GW of current non-biomass capacity) and potential for >1GW data centre at Drax Power Station (participating in North Yorkshire AI growth zone application)
  - Carbon removals – development of options for carbon removals from biomass and other technologies – agreement between Elimini and HOFOR to support development of BECCS in Denmark and associated marketing agreement for CDRs
- Sustainable and growing dividend
  - Nine consecutive years of growth since 2017 with average annual increase >11% pa
- Return of surplus capital beyond current investment requirements
  - c.£472 million of share buybacks since 2017 – c.83 million shares purchased for an average price of £5.68/share
  - c.£28 million outstanding on current £300 million share buyback
  - Additional £450 million three-year buyback extension to follow current buyback, supported by cash flow from c.£0.5 billion working capital inflow from end of Renewables Obligation scheme in 2027
  - The total number of voting rights in Drax Group, excluding treasury shares, as at 29 July 2025 was c.348.9 million

Sustainability – three major publications in H1-25
- Sustainability Framework – climate positive, nature positive, people positive roadmap by 2030
- Biomass Sourcing Policy – articulates commitment to sustainable sourcing
- Climate Transition Plan – lays out climate ambitions, targets and delivery plan

Operational and financial review

£ million	**H1-25**	**H1-24**
Adj. EBITDA	**460**	**515**
Pumped Storage and Hydro	*64*	*76*
Energy Solutions – Industrial & Commercial (I&C)	*25*	*36*
Energy Solutions – Small and Medium-sized Enterprise (SME)	*(7)*	*(14)*
Flexible Generation & Energy Solutions	81	98
Pellet Production	74	65
Biomass Generation	332	393
Elimini	(16)	(20)
Innovation, Capital Projects and Other	(11)	(21)

Flexible Generation & Energy Solutions (FlexGen) – *flexible generation and system support services*
- Pumped Storage and Hydro
  - Strong system support performance, inclusive of major planned outages
  - Planned outage programme – units 3 and 4 inlet valve upgrade and units 1 and 2 super grid transformer
- OCGTs – all three units delayed due to grid connections, first unit (Hirwaun) expected to commission in late 2025
- Energy Solutions
  - I&C – maintaining margin in line with H1-24, some reduction in volume
  - Continued development of system support services via demand-side response, and electric vehicle services
  - Sale of majority of Opus Energy's meter points completed September 2024, with remaining meter points sale completed May 2025 – reflects focus on core I&C business and exit from SME market

Pellet Production – *North American supply chain supporting UK energy security and sales to third parties*
- Continued improvement in operational and financial performance
  - 5% increase in production vs H1-24 (2.1Mt, H1-24: 2.0Mt), including benefit of Aliceville expansion (commissioned in H1-24)
  - 14% increase in Adj. EBITDA vs. H1-24 (£74 million, compared with H1-24: £65 million)
- Potential long-term offtake opportunity for biomass sales into new SAF market

- Heads of terms agreed with Pathway Energy for 1Mt pa multi-year biomass sales from 2029

Biomass Generation – *UK energy security with dispatchable renewable generation and system support services*

- Increased level of renewable generation and continuing system support role
  - Lower achieved power prices vs. H1-24, partially offset by reduction in Electricity Generator Levy
  - 7.1TWh (H1-24: 7.0TWh) – reflects demand for dispatchable generation at times of lower renewable output
  - No major planned outages in 2025
- Strong contracted power
  - As at 28 July 2025 c.£2.1 billion of forward power sales between 2025 and Q1 2027 on RO biomass, pumped storage and hydro generation assets – 22.5TWh at an average price of £94.2/MWh(9/10)
  - RO generation – fully hedged in 2025 and 2026
  - A further 5.1TWh of CfD generation contracted for 2025 and 2026

Contracted power sales as at 28 July 2025	**2025**	**2026**	**2027**
Net RO, hydro and gas (TWh)(9)	*10.5*	*10.2*	*1.8*
Average achieved £ per MWh(10)	*113.7*	*76.8*	*79.2*
CfD (TWh)	*4.3*	*0.8*	*-*

Other financial information

Capital investment

- Capital investment of £59 million (H1-24: £141 million)
  - Growth – £26 million – phasing of OCGT investment to align with delayed commissioning and operations, and Cruachan units 3 and 4 inlet valve upgrade and units 1 and 2 super grid transformers
  - Maintenance and other – £33 million, no major planned biomass outage
- 2025 expected capital investment of c.£150-190 million
  - Growth – c.£60 million, primarily OCGTs and Cruachan inlet valves and super grid transformers
  - Maintenance and other – c.£110 million, pellet plant maintenance weighted towards H2-25

Cash and balance sheet

- Cash generated from operations of £378 million (H1-24: £400 million)
- Net working capital outflow of £102 million (H1-24: £93 million), including increase in renewable assets
- Net debt at 30 June 2025 of £1,062 million (31 December 2024: £992 million), including cash and cash equivalents of £276 million (31 December 2024: £356 million)
- £450 million Revolving Credit Facility extended to 2028 during H1-25 and c.£171 million term-loans extension completed July 2025

Notes:

(1) Financial performance measures prefixed with "Adjusted/Adj." are stated after adjusting for exceptional items and certain remeasurements (including certain costs in relation to the disposal of the Opus Energy SME meters and change in fair value of financial instruments).

(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) In January 2023 the UK Government introduced the Electricity Generator Levy (EGL) which runs to 31 March 2028. The EGL applies to the three biomass units operating under the RO scheme and run-of-river hydro operations. It does not apply to the Contract for Difference (CfD) biomass or pumped storage hydro units. EGL is included in Adj. EBITDA and was £nil in H1-25 (H1-24: £114 million).

(4) 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. Net debt excluding lease liabilities was £959 million (31 December 2024: £876 million).

(5) 1.1x Net debt to Adj. EBITDA, on last twelve months (LTM) basis.

(6) As of 28 July 2025, analyst consensus for 2025 Adj. EBITDA was £899 million, with a range of £889-910 million. The details of this consensus are displayed on the Group's website.
Consensus - Drax Global

(7) Excludes Options for Growth, including development expenditure in Elimini, Innovation, Capital Projects and Other.

(8) Includes targets for post Adj. EBITDA, c.£0.5 billion working capital inflow from end of RO scheme, committed and maintenance capex, interest, taxes and EGL.

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

(10) Includes de minimis structured power sales in 2025, 2026 and 2027 (forward gas sales as a proxy for forward power), transacted for the purpose of accessing additional liquidity for forward sales from RO units and highly correlated to forward power prices.

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.

Results presentation webcast arrangements

Management will host a webcast presentation for analysts and investors at 9:00am (UK time) on Thursday 31 July 2025.

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 31 July 2025 for download at:

https://www.drax.com/investors/announcements-events-reports/presentations/

Event Title:	Drax Group plc – Half Year Results 2025
Event Date:	Thursday 31 July 2025
	9:00am (UK time)
Webcast Live Event Link:	https://secure.emincote.com/client/drax/drax033
Conference call and pre-register Link:	https://secure.emincote.com/client/drax/drax033/vip_connect
Start Date:	Thursday 31 July 2025
Delete Date:	Saturday 1 August 2026
Archive Link:	https://secure.emincote.com/client/drax/drax033

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CEO's review

Introduction

Energy security, affordability and decarbonisation – the energy trilemma – remain important themes in 2025 and at Drax we are continuing to play our part in addressing these issues.

In the first half of 2025 we have delivered a strong operational and financial performance, providing the reliable renewable electricity, flexibility and system support services that the grid needs. Our dispatchable 24/7 generation portfolio, backed up by our resilient North American supply chain, enables us to operate the UK's largest single source of renewable power, and through our flexibility we are an enabler of more renewables on the system, supporting lower overall system costs and decarbonisation.

We see more opportunities to support these efforts, and to that end we are continuing to develop options for investment in flexible generation and biomass, where we remain excited by the long-term global potential, including carbon removals and sustainable aviation fuels.

To support the realisation of these opportunities, across the Group we are continuing to develop the capabilities to support growth and value creation.

Summary of H1 2025

Adj. EBITDA of £460 million primarily reflects strong renewable power generation and system support performance in Biomass Generation.

Our balance sheet is strong, with total cash and committed facilities of £726 million and Net debt of £1,062 million. Net debt to Adj. EBITDA on a last twelve months basis is 1.1 times, significantly below our long-term target of around 2 times.

We expect to propose a dividend for the 2025 financial year of 29.0 pence per share, an 11.5% increase on 2024, consistent with our policy to pay a dividend which is sustainable and expected to grow. 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 2025, being 11.6 pence per share.

In addition to delivering a strong operational and financial performance and value for shareholders, the Group has remained focused on the development of its sustainability programme, launching a new sustainability framework, biomass sourcing policy and a climate transition plan.

Low-carbon dispatchable CfD agreement for Drax Power Station (DPS)

In February 2025 Drax agreed a non-binding heads of terms with the UK Government with regards to a low-carbon dispatchable CfD for DPS which would cover the period April 2027 to March 2031.

In June 2025, the UK Houses of Parliament voted on the secondary legislation required to enable the UK Government to enter into low-carbon dispatchable CfD agreements with biomass generators, which passed into law in June. The Competition and Markets Authority review of government process for CfD compatibility with subsidy control framework completed in July. Negotiations on the precise details of the final contract for DPS are ongoing.

Under the proposed agreement the CfD scheme will apply to up to c.6TWh of power annually from DPS, paid against a season ahead reference price (as per the current CfD scheme). Drax will then seek to maximise generation from its four biomass units at times of high demand and reduce generation at times of low demand, using the station's flexibility to support UK energy security. The proposed agreement also allows for system support and ancillary services.

Drax is targeting average Adj. EBITDA from DPS of £100-200 million pa during the agreement period, which is inclusive of any impact of a proposed gain share mechanism. This target excludes any benefit from incremental merchant generation above the CfD threshold.

Continuing to target post-2027 Adj. EBITDA of £600-700 million pa from Flexible Generation and Energy Solutions (FlexGen), Pellet Production and Biomass Generation operations

Taking DPS together with the Group's FlexGen and Pellet Production businesses, the Group is targeting post-2027 Adj. EBITDA of £600-700 million pa. This is before development expenditure in Elimini, Innovation, Capital Projects and Other.

Capital discipline, growth and returns to shareholders

Capital discipline is central to our approach and, in line with our capital allocation policy, in August 2024 we launched a £300 million share buyback programme, which has to date bought back £272 million worth of shares.

Our balance sheet is strong and we are investing to maintain a strong operational performance and pay a sustainable and growing dividend. Inclusive of the Group's target for post 2027 Adj. EBITDA of £600-700 million pa from FlexGen, Pellet Production and Biomass Generation, we now have greater visibility of cash flows through to 2031.

Looking to the future, we stand ready to invest in opportunities for growth subject to the right risk-return balance. In the short term, those opportunities are not sufficiently developed and so, in line with the Group's capital allocation policy and the benefit of working capital inflows associated with the end of the Renewables Obligation scheme in 2027, we expect to extend the current share buyback programme for the purchase of an additional £450 million of Drax shares over a three-year period. The programme is expected to follow the current share buyback and complete by the end of 2028.

The Group continues to see capital returns as an effective investment in the business, to create value for shareholders, which is complementary to a strong balance sheet and the continued development of opportunities for growth.

FlexGen operations
The UK's plans to achieve net zero by 2050 will require the electrification of sectors such as heating and transport, resulting in a significant increase in demand for electricity in addition to new demand areas like data centres. We believe that intermittent renewable and inflexible low-carbon energy sources – wind, solar, and nuclear – could help meet this demand. However, this will only be possible if other power sources can provide the dispatchable power and non-generation system support services required to ensure security of supply.

We believe that the retirement of older thermal generation assets and increased reliance on intermittent renewables, as well as an increase in power demand, will drive a growing need for dispatchable power and system support services, creating long-term earnings opportunities for, and value from, the Group's FlexGen assets. Whilst we believe that the trend is clear it is hard to forecast from year to year, being dependent on weather and renewable activity as much as underlying commodity prices.

Pumped storage and hydro
The Group's pumped storage and hydro business performed well, with Adj. EBITDA of £64 million (H1 2024: £76 million) – a good performance in line with the Group's target for post-2027 Adj. EBITDA, which reflects continued demand for dispatchable and renewable power generation and support services.

H1 2025 also included a major programme of planned outage works at Cruachan Power Station, including an upgrade of the main inlet valves on units 3 and 4. In the second half of 2025, the main inlet valves for units 1 and 2 are expected to be replaced.

Work is ongoing on the £80 million investment to refurbish and upgrade units 3 and 4 through 2027, underpinned by a 15-year Capacity Market agreement worth over £220 million (c.£15 million Adj. EBITDA pa), and is expected to add 40MW of additional capacity by 2027 and improve unit operations.

OCGTs
Commissioning of the first of three new-build OCGT sites in England and Wales is expected to commence in the second half of 2025. This is later than originally planned, primarily due to delays in grid connection by the relevant authorities. The OCGTs will provide combined capacity of c.900MW and be remunerated under 15-year Capacity Market agreements, worth over £260 million, in addition to revenues from peak power generation and system support services.

Energy Solutions
Adj. EBITDA of £18 million was down 18% on H1 2024 (£22 million), which reflects a good underlying performance in our Industrial & Commercial (I&C) and renewables services businesses, and a loss-making Small & Medium-sized Enterprise (SME) business.

In May 2025, Drax completed the sale the remaining non-core Opus SME customer meter points. The sale is expected to be supportive of the Group's target for post-2027 Adj. EBITDA, with a leaner, more focused I&C business model, which can better support customers with their energy needs and decarbonisation objectives.

Pellet Production
Adj. EBITDA of £74 million (H1 2024: £65 million) was an increase of 14%, which reflects an increase in production, including the benefit from an expansion of the Aliceville pellet plant (commissioned in H1 2024).

As a part of the Group's post 2027 targets, the proposed low-carbon dispatchable CfD agreement at DPS is expected to utilise c.2Mt of own-use pellets from the US South (in addition to third-party volumes). This, together with existing sales to third parties, primarily in Asia, provides a good underpin to the current level of earnings from Pellet Production.

In order to support long-term earnings growth and maximise the value of Pellet Production, Drax is continuing to assess options for own-use and third-party sales, from existing and new markets, including Sustainable Aviation Fuel (SAF), which could represent a major market opportunity for biomass pellets.

Drax is continuing its engagement with Pathway Energy LLC (Pathway), which is developing a SAF project in Port Arthur, Texas. As a part of its process with Pathway, Drax has agreed heads of terms on a multi-year agreement that could see Drax supply c.1Mt pa of sustainable biomass for the production of SAF at the Port Arthur project. The project could provide an attractive home market for the Group's US pellet production, with pricing expected to be consistent with the Group's target for post-2027 Adj. EBITDA.

Biomass Generation
Adj. EBITDA of £332 million was a decrease of 16% on H1 2024 (£393 million). This reflects a combination of lower forward contracted prices compared to H1 2024, partially offset by a continued high level of generation, demand for system support services and value from renewables. In addition, there are no major planned outages in 2025.

Between April 2024 and March 2025 (the most recent period for which data is available) DPS generated over 5% of the UK's electricity and 11% of its renewable power. During this period, it produced on average 19% of the UK's renewable power at times of peak demand and on certain days over 50%. During H1 2025, low wind speeds led to lower levels of wind generation and higher demand for power from DPS, illustrating its ongoing importance to security of supply in the UK.

The Group remains focused on opportunities to maximise value from its asset base and in March 2025 entered into a 20-year joint venture agreement with Power Minerals Limited which will allow for the development of a facility adjacent to DPS which will process pulverised fuel ash into a material which can be sold to the construction industry and used in the production of cement with a lower carbon footprint.

The new facility is expected to begin operations by the end of 2026 and Drax believes the project could generate incremental Adj. EBITDA of c.£5 million pa for Drax post 2027 through to 2046. There is no capital investment required by Drax.

Opportunities for investment in growth and value creation
The Group remains focused on opportunities for growth and value creation across its strategies for FlexGen, biomass and carbon removals.

The Group's balance sheet is strong, with increasing visibility of cash flows through 2031, which can support investment. In the current environment the regulatory, political and commercial frameworks to support large-scale capital investment in BECCS and pumped storage hydro are not sufficiently developed to provide an appropriate risk-return balance and so whilst we continue to see these as important options, which can provide pragmatic solutions to the energy trilemma, we do not expect these projects to be operational before the 2030s. This will allow free cash flows to be deployed in short and medium-term investments for growth and value in other areas, including maximising the value of the existing asset base.

<u>DPS – generation and energy security</u>

DPS is the largest power station in the UK and the country's largest single source of renewable power.

The 4GW site comprises four fully flexible and independent biomass units providing 2.6GW of capacity for secure 24/7 renewable power and a wide range of system support services, in addition to a further 1.3GW of grid access.

NESO's Future Energy Scenarios indicate a doubling of power demand by 2050, via electrification and new sources of demand, including data centres. In addition, capacity growth will predominantly come from intermittent renewables and inflexible nuclear, helping the system to decarbonise but placing additional pressures and costs on the management of the system and security of supply.

We believe that the size, flexibility, and location of the site make it an important long-term part of the UK energy system and the Group is focused on options to maximise value from the 4GW site, which could utilise multiple generation technologies including its existing biomass generation as well as new-build battery, solar and other dispatchable generation sources.

<u>DPS – data centre</u>

We have continued to engage with data centre developers in relation to the potential to co-locate a data centre at DPS, with a view to utilising the station's large-scale dispatchable power generation and cooling solutions to provide a long-term behind-the-meter power purchase and services agreement to a data centre.

As part of the development of this option, Drax is a participant in the North Yorkshire AI growth zone application to the UK Government, which is aiming to support accelerated planning and the development of AI growth zones across the UK.

The development of a data centre option could also be supportive of a long-term option for large-scale high-integrity carbon removals.

<u>FlexGen – batteries</u>

In line with our ambition to be a UK leader in flexible renewable generation, the Group continues to assess opportunities for investment in FlexGen. We see batteries as an important adjacent technology to our FlexGen portfolio, adding fast response capabilities to our long duration pumped storage and OCGT assets, which could allow the portfolio to provide a wider range of system support services to the grid.

The Group is continuing to assess organic and inorganic opportunities for incremental capital investment in this area. Any investment would be subject to the Group's capital allocation policy and appropriate returns on capital.

<u>FlexGen – pumped storage</u>

In 2024, Drax completed initial design and engineering work on an option for a 600MW expansion of Cruachan (Cruachan II). Drax believes that the Cruachan II project is well aligned with the long-term system need for flexible generation and energy storage and, given its location, is well placed to support system constraints between Scotland and England.

In April 2025, the UK Government invited applications from developers for the first phase of a cap and floor scheme, intended to incentivise the development of new long duration capacity.

The projected cost of Cruachan II has risen over the past two years, whilst at the same time the recoverability of all capital invested in the project remains unclear. Therefore, Drax did not participate in the first phase of the cap and floor scheme but will retain the option for potential future development, subject to an appropriate balance of risk and return.

In addition to the Cruachan II project and existing upgrade of units 3 and 4, Drax is continuing to assess opportunities for incremental investment in the existing Cruachan site.

Elimini
The Group continues to see carbon removals via biomass and other technologies as a cost-effective way to deliver both energy security and high integrity carbon removals at scale.

The current regulatory environment in the UK and US makes the risk-return profile on large-scale capital projects less attractive in the short-term. However, the Group continues to see significant opportunity and is working to develop capital-light models, which can support the development of the Carbon Dioxide Removal (CDR) certificates market and to progress wholesale and origination market opportunities for the sale of CDRs.

In this regard, in July 2025, Elimini entered into an agreement with HOFOR (a Danish energy provider), which would see Elimini use its experience to support HOFOR in the development of an option to add BECCS to its existing Amagerværket biomass combined heat and power plant in Copenhagen. Elimini would also lead the sales and marketing pathway for the sale of CDRs from the project.

Outlook

We are continuing to target post-2027 Adj. EBITDA of £600-700 million pa from our FlexGen, Pellet Production and Biomass Generation businesses, maximising value from the business today, while continuing to identify opportunities for growth across our strategies for FlexGen, biomass and carbon removals.

We will continue to apply our capital allocation policy with a focus 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.

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

Will Gardiner
CEO

CFO's financial review

		Six months ended 30 June	
		2025	**2024**
Financial performance (£m)	**Total gross profit**	**754**	**979**
	Operating expenses	(320)	(348)
	Depreciation, amortisation and impairment of non-current assets	(136)	(108)
	Other	3	(5)
	Total operating profit	**301**	**518**
	Exceptional items and certain remeasurements	21	(115)
	Adjusted operating profit	**322**	**402**
	Adjusted depreciation, amortisation and similar charges and share of losses from associates	138	113
	Adjusted EBITDA	**460**	**515**
Capital expenditure (£m)	Capital expenditure	59	141
Cash and Net debt (£m unless otherwise stated)	Cash generated from operations	378	400
	Net debt	1,062	1,159
	Net debt to Adjusted EBITDA(1) (times)	**1.1**	**1.0**
	Cash and committed facilities	726	515
Earnings (pence per share)	Adjusted basic	65.6	65.6
	Total basic	61.2	88.1
Distributions (pence per share)	Interim dividend	11.6	10.4

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 £460 million represents strong operational and financial performance across all segments of our business. The expected decrease compared to £515 million in H1 2024 primarily reflects a lower achieved power price. During the period, we generated cash from operations of £378 million, a slight decrease on H1 2024 (£400 million). Our Net debt: last twelve months Adjusted EBITDA ratio of 1.1 times (H1 2024: 1.0 times) remains significantly below our long-term target of around 2 times and during the period we have further strengthened our balance sheet, extending the average maturity of our debt to late 2027 and extending the Revolving Credit Facility (RCF) by a year to 2028.

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.

Maintain credit rating

During the first half of 2025 the Group extended the maturity of the undrawn £450 million RCF and during July two term loans totalling c.£171 million were extended from 2027 to 2028.

During the second quarter of 2025, 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.

Invest in core business – capital expenditure

Capital expenditure of £59 million (H1 2024: £141 million) consists of £26 million of growth expenditure, £25 million of maintenance, and £8 million of Other (including HSE and IT). Of the £26 million growth expenditure, £5 million related to the OCGTs (H1 2024: £46 million). The first of the three OCGTs is now expected to commission during late 2025. Growth expenditure also included £7 million in relation to the ongoing upgrade of Cruachan units 3 and 4 (H1 2024: £15 million). Capitalised spend on UK BECCS was less than £1 million (H1 2024: £2 million).

Sustainable and growing dividend

The Board expects to propose a dividend for the 2025 financial year of 29.0 pence per ordinary share, an 11.5% increase on 2024, 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 11.6 pence per ordinary share will be paid as an interim dividend. The interim dividend will be paid on 24 October 2025 with a record date of 26 September 2025 (ISIN: GB00B1VNSX38, TIDM: DRX).

Return surplus capital beyond current investment requirements

To the extent there is cash in the business in excess of current investment requirements we will look to return this to shareholders. In July 2024, we announced a £300 million share buyback programme, which as of 30 June 2025 was £260 million complete.

In line with our policy and reflecting the expected capital requirements of the Group, we are extending this buyback programme and will purchase an additional £450 million of Drax shares over a three-year period. The extension will follow the current buyback programme and is expected to be complete by the end of 2028.

Financial performance

Adjusted EBITDA by business

Flexible Generation & Energy Solutions (FlexGen)

Adjusted EBITDA in our Hydro business of £64 million reduced compared to H1 2024 (£76 million), reflecting planned outage work at Cruachan and comparatively low levels of rainfall for the run-of-river schemes.

Adjusted EBITDA in Energy Solutions of £18 million (H1 2024: £22 million) comprised £25 million from our Industrial and Commercial (I&C) and renewables services business (H1 2024: £36 million) partially offset by a loss of £7 million from our Small and Medium-sized Enterprise (SME) business (Opus) (H1 2024: a loss of £14 million). I&C and renewables services earnings reflect a consistent margin on contracted power prices. The sale of the remaining meter points in the SME business completed in H1 2025. The wind down of this business will be substantially complete by the end of 2025.

Pellet Production

Adjusted EBITDA of £74 million increased 14% from H1 2024 (£65 million). Production in the period totalled 2.1Mt (H1 2024: 2.0Mt) and shipments totalled 2.5Mt (H1 2024: 2.5Mt). Of the 2.5Mt shipped, 1.5Mt was to Drax Power Station (DPS) (H1 2024: 1.5Mt). During the period, 0.4Mt of pellets were acquired from third parties (H1 2024: 0.5Mt).

Biomass Generation

Adjusted EBITDA from Biomass Generation was £332 million (H1 2024: £393 million), primarily reflecting a lower achieved power price. DPS produced 7.1TWh (H1 2024: 7.0TWh) of electricity, providing dispatchable, renewable generation when the grid needed it most.

We have power hedges in place to Q1 2027 and are progressing the finalisation of the CfD for the period Q2 2027 to Q1 2031. This gives us strong visibility over cash flows from DPS and free cashflow in the Group. In the short term, as we develop these options, we are realising cash flows at a greater rate than we depreciate the DPS assets. Accordingly, the headroom on the impairment analysis included in the 2024 Annual report and accounts, page 185, is reducing. We will continue to be disciplined in the allocation of capital, including any investment in DPS to generate cash flows beyond Q1 2031.

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

Development expenditure in H1 2025 totalled £34 million (H1 2024: £32 million). Of this, £16 million related to Elimini (our carbon removals business) (H1 2024: £20 million). As communicated during H1 2025, Drax will not participate in this first phase of the cap and floor scheme for the Cruachan expansion but will retain the option for potential future development, subject to an appropriate balance of risk and return. We will continue to be disciplined with development expenditure.

In Other, intra-group eliminations moved to a credit of £7 million in H1 2025 from a charge of £9 million in H1 2024, because of a change in the volume of pellets in transit.

Total operating profit

Total operating profit of £301 million compared to £518 million in H1 2024. In addition to the factors discussed above, Exceptional items and certain remeasurements also reduced, from a credit of £115 million in H1 2024 to a charge of £21 million in H1 2025. This was attributable to gas prices and foreign exchange movements. The Exceptional items in operating expenses in H1 2025 relate to the disposal of the SME customer book. Further information on Exceptional items and certain remeasurements can be found in note 6 (Alternative performance measures).

Depreciation, amortisation and impairments of £136 million is above H1 2024 (£108 million), driven by an increase in the Biomass Generation business and impairments of certain Pellet Production assets of £14 million.

Profit after tax and Earnings per share

Total net finance and foreign exchange costs for H1 2025 were £21 million, a reduction from H1 2024 (£54 million). Of the difference £23 million is attributable to foreign exchange movements. At 30 June 2025 the weighted average interest rate payable on the Group's borrowings was 5.4% (31 December 2024: 5.4%).

The expected effective tax rate for 2025 of 22% is below 2024 (30%) and reflects a lower amount of EGL, which is not allowable for tax purposes. Lower assessable profits meant the H1 2025 EGL charge of £nil was significantly lower than the H1 2024 charge of £114 million. The tax impact of this reduction in EGL was 6%. The effective tax rate is below the headline corporation tax rate in the UK of 25% because of benefits from Patent Box and research and development tax credits.

Adjusted basic EPS was 65.6 pence (H1 2024: 65.6 pence) and Total basic EPS was 61.2 pence (H1 2024: 88.1 pence). The average number of shares used in deriving these calculations was 360.7 million (H1 2024: 386.0 million). The number of outstanding shares at 30 June 2025 was 351.0 million, a 5% reduction on 31 December 2024 (369.9 million), reflecting the ongoing share buyback.

Cash and Net debt

Net cash movements

Cash generated from operations, inclusive of working capital, was £378 million (H1 2024: £400 million). The net working capital outflow of £102 million was broadly in line with H1 2024 (£93 million) and 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.

Cash outflows on purchases of property, plant and equipment and intangibles include repayments of deferred letters of credit from previous periods. This led to a cash outflow of £144 million, more than the amount capitalised in the period of £59 million.

Liquidity

	30 June 2025 £m	31 December 2024 £m	30 June 2024 £m
Cash and cash equivalents	**276**	356	263
RCF available but not utilised	**450**	450	252
Cash and committed facilities	**726**	806	515

Cash and committed facilities at 30 June 2025 provided substantial headroom over our short-term liquidity requirements. No cash has been drawn under our revolving credit facilities (RCFs) since 2018.

Net debt and Net debt to Adjusted EBITDA

	30 June 2025 £m	31 December 2024 £m	30 June 2024 £m
Cash and cash equivalents	**276**	356	263
Current borrowings	**(291)**	(119)	(120)
Non-current borrowings	**(908)**	(1,058)	(1,143)
Impact of hedging instruments and NCI	**(36)**	(55)	(35)
Lease liabilities	**(103)**	(117)	(123)
Net debt	**(1,062)**	(992)	(1,159)
LTM Adjusted EBITDA	**1,010**	1,064	1,107

Net debt to Adjusted EBITDA	**1.1**	0.9	1.0

Going concern and viability

The Group's financial performance in H1 2025 was strong. Cash and committed facilities at 30 June 2025 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. 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.

Andy Skelton

CFO

The contents of the CEO's review and CFO's financial review were approved by the Board on 30 July 2025.

Principal risks and uncertainties

The Group's financial and operating performance, as well as the realisation of its strategy, is subject to various risks and uncertainties. The nature of these risks ranges from those which are not directly within the Group's control, such as the wider economic and political environment, to others which the Group is better placed to influence, such as the development and execution of our strategy or management of health and safety. We seek to address the potential impact of all risks faced by the Group through the application of policies approved by the Board and management, applying the Group's risk management framework and appropriate mitigations.

The Audit Committee, as part of its half year processes, considered reports from management reviewing the Group's Principal Risks and Uncertainties and how these might evolve during the second half of 2025. This review took account of the recent unrest in the Middle East, broader geopolitical instability and the introduction of new or increased US tariffs. These areas are discussed further below.

As a result of its assessment, and consideration of the below factors, the Board is satisfied that the Group's Principal Risks, as reported in the 2024 Annual report and accounts, remain materially unchanged and are not currently expected to materially change during the remainder of 2025.

Large-scale capital projects continue to be central to the Group’s strategy and are therefore considered to be an emerging risk. This is despite ongoing challenges with regards to increasing costs and delays in the establishment of appropriate government support mechanisms which have resulted in some projects being delayed or paused. The business is currently undertaking the annual review of its strategy.

Further details of the Group's Principal Risks and Uncertainties can be found on pages 70-83 of the Group's 2024 Annual report and accounts, which is available at www.drax.com.

US trade tariffs

The evolving status of tariffs imposed by the US Government is being closely monitored and we continue to liaise with appropriate trade bodies, business groups, US federal government and UK government to understand potential scenarios and possible impacts on the Group.

To date the business has not been materially impacted by tariffs implemented or announced by the US, or by other countries in response. This includes the current proposal related to US port fees though it is noted that the US port fees plan remains subject to change ahead of its finalisation which is expected during H2 2025, as well as US tariffs placed on Canadian lumber which has the potential to limit the availability, or increase the price of, fibre.

We also continue to monitor the potential broader impacts of US tariffs on the global economy, such as heightened inflation, increased interest rates, and volatility in foreign exchange rates and commodity prices.

As a result of the above considerations, the Board does not believe there has been a material change in the Group’s Principal Risks as a result of newly announced or implemented trade tariffs during H1 2025.

Middle East conflict

Despite the current Iran-Israel ceasefire, the possible implications for the Group of the recent conflict in the Middle East and the potential for this to re-escalate have been considered, including market volatility, supply chain disruption should the Strait of Hormuz be closed, and pricing pressures. Current assessments indicate that the likelihood of this having a material impact on the business is low. However, should this risk crystallise, it has the potential to impact our operational ability to deliver our hedged positions. Buying back these hedged positions, as a result of supply chain disruption, could result in a material financial cost to the Group depending on movements in relevant power prices.

We continue to closely monitor the situation, noting that tensions in the Middle East are reflective of a broader increase in geopolitical volatility in recent years. As a result of the above considerations, the Board does not believe there has been a material change in the Group’s Principal Risks as a result of recent conflict in the Middle East.

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

Chief Executive Officer

30 July 2025

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 2024 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 Auditor’s 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 2024 Annual report and accounts, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2025.

The adoption of new standards, interpretations and amendments in the current period has not had a material impact. The Group has not early-adopted any standard, interpretation or amendment that has been issued but was not effective at 30 June 2025. A full listing of new standards, amendments, and pronouncements under IFRS applicable to these Condensed consolidated interim financial statements is presented in note 12.

Going concern

In assessing going concern the Directors have considered the period up to September 2026, 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, are discussed in the CEO’s review, and current market conditions and financial performance are 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. At 30 June 2025, the Group had cash and committed facilities of £726.0 million (see note 6) and borrowings of £1,198.9 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 30 July 2025.

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 163–164 of the Group's 2024 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 2024 and as at 31 December 2024. Where included within text, Condensed consolidated income statement comparatives refer to the six months ended 30 June 2024 and Condensed consolidated balance sheet comparatives are as at 31 December 2024, 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 2024, apart from Capital expenditure which now excludes capitalised interest and plant spares (see the capital expenditure by segment table in note 2 for further details of this change). See the APMs glossary table at the end of this report 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 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 (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 2025 (Unaudited)			Six months ended 30 June 2024 (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	**2,601.1**	**45.9**	**2,647.0**	3,062.8	95.5	3,158.3
Cost of sales		**(1,827.8)**	**(65.2)**	**(1,893.0)**	(2,085.5)	19.7	(2,065.8)
Electricity Generator Levy		**–**	**–**	**–**	(113.7)	–	(113.7)
Gross profit		**773.3**	**(19.3)**	**754.0**	863.6	115.2	978.8
Operating and administrative expenses		**(309.7)**	**(3.4)**	**(313.1)**	(333.1)	–	(333.1)
Impairment losses on financial assets		**(2.7)**	**(4.2)**	**(6.9)**	(15.3)	–	(15.3)

Depreciation		**(114.4)**	**–**	**(114.4)**	(99.7)	–	(99.7)
Amortisation		**(7.2)**	**–**	**(7.2)**	(8.6)	–	(8.6)
Impairment of non-current assets		**(14.4)**	**–**	**(14.4)**	–	–	–
Other (losses)/gains		**(2.1)**	**6.0**	**3.9**	(3.4)	–	(3.4)
Share of losses from associates		**(0.7)**	**–**	**(0.7)**	(1.1)	–	(1.1)
Operating profit		**322.1**	**(20.9)**	**301.2**	402.4	115.2	517.6
Foreign exchange gains/(losses)	4	**12.0**	**–**	**12.0**	(11.1)	0.4	(10.7)
Interest payable and similar charges	4	**(42.3)**	**–**	**(42.3)**	(54.2)	(0.2)	(54.4)
Interest receivable and similar gains	4	**9.8**	**–**	**9.8**	10.7	–	10.7
Profit before tax		**301.6**	**(20.9)**	**280.7**	347.8	115.4	463.2
Total tax charge	5	**(65.2)**	**5.2**	**(60.0)**	(95.2)	(28.8)	(124.0)
Profit for the period		**236.4**	**(15.7)**	**220.7**	252.6	86.6	339.2

Attributable to:							
Owners of the parent company		**236.5**	**(15.7)**	**220.8**	253.1	86.6	339.7
Non-controlling interests		**(0.1)**	**–**	**(0.1)**	(0.5)	–	(0.5)

Earnings per share		**Pence**		**Pence**	Pence		Pence
For net profit for the period attributable to owners of the parent company							
– Basic		**65.6**		**61.2**	65.6		88.1
– Diluted		**64.3**		**60.0**	64.9		87.1

(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	
	2025 (Unaudited) £m	2024 (Unaudited) £m
Profit for the period	**220.7**	339.2
Items that will not subsequently be reclassified to profit or loss:		
Remeasurement of defined benefit pension scheme	**4.8**	6.0
Deferred tax on remeasurement of defined benefit pension scheme	**(1.2)**	(1.5)
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(85.6)**	(3.9)
Exchange differences on translation of foreign operations attributable to non-controlling interests	**(0.3)**	(0.3)
Net fair value losses on financial assets at fair value through other comprehensive income	**(10.2)**	–
Net fair value losses on financial assets at fair value through other comprehensive income reclassified to profit or loss	**10.2**	–

Net fair value (losses)/gains on cost of hedging	**(8.4)**	16.4
Deferred tax on cost of hedging	**2.1**	(4.1)
Net fair value gains on cash flow hedges	**31.5**	48.9
Net gains on cash flow hedges reclassified to profit or loss	**(90.3)**	(181.1)
Deferred tax on cash flow hedges	**14.7**	33.0
Other comprehensive expense for the period	**(132.7)**	(86.6)
Total comprehensive income for the period attributable to equity holders	**88.0**	252.6
Attributable to:		
Owners of the parent company	**88.4**	253.4
Non-controlling interests	**(0.4)**	(0.8)

Condensed consolidated balance sheet

	Notes	**As at 30 June 2025 (Unaudited) £m**	As at 31 December 2024 (Audited) £m
Assets			
Non-current assets			
Goodwill		**402.4**	415.1
Intangible assets		**64.0**	68.1
Property, plant and equipment		**2,693.7**	2,802.0
Right-of-use assets		**90.7**	100.9
Investments		**3.1**	3.6
Retirement benefit surplus		**30.6**	24.7
Deferred tax assets		**47.2**	48.6
Derivative financial instruments	11	**31.9**	81.7
		3,363.6	3,544.7
Current assets			
Inventories		**269.3**	302.0
Renewable certificate assets		**896.5**	540.0
Trade and other receivables and contract assets		**344.3**	470.3
Derivative financial instruments	11	**119.2**	175.6
Cash and cash equivalents		**276.0**	356.0
		1,905.3	1,843.9
Liabilities			
Current liabilities			
Trade and other payables and contract liabilities		**(1,326.5)**	(1,289.1)
Lease liabilities		**(24.0)**	(26.0)
Current tax liabilities		**(14.2)**	(9.6)
Borrowings	7	**(290.5)**	(119.0)
Provisions		**(15.1)**	(20.2)
Derivative financial instruments	11	**(203.0)**	(71.1)
		(1,873.3)	(1,535.0)
Net current assets		**32.0**	308.9
Non-current liabilities			
Borrowings	7	**(908.4)**	(1,057.7)
Lease liabilities		**(78.9)**	(90.5)
Provisions		**(73.0)**	(75.7)
Deferred tax liabilities		**(275.3)**	(280.4)
Derivative financial instruments	11	**(66.1)**	(262.2)
		(1,401.7)	(1,766.5)
Net assets		**1,993.9**	2,087.1
Shareholders' equity			
Issued equity	9	**49.8**	49.4
Share premium		**447.2**	443.8
Hedge reserve		**(39.0)**	(7.9)
Cost of hedging reserve		**(2.5)**	6.9
Other reserves		**241.5**	467.0
Retained profits		**1,291.8**	1,118.1
Total equity attributable to owners of the parent company		**1,988.8**	2,077.3
Non-controlling interests		**5.1**	9.8
Total shareholders' equity		**1,993.9**	2,087.1

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 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**

	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 2024 (Unaudited)				
At 1 January 2024	49.1	441.2	207.4	18.7	588.2	666.4	12.0	1,983.0
Profit/(loss) for the period	–	–	–	–	–	339.7	(0.5)	339.2
Other comprehensive (expense)/income	–	–	(99.2)	12.3	(3.9)	4.5	(0.3)	(86.6)
Total comprehensive (expense)/income for the period	–	–	(99.2)	12.3	(3.9)	344.2	(0.8)	252.6
Equity dividends paid	–	–	–	–	–	(53.7)	–	(53.7)
Issue of share capital	0.3	1.8	–	–	0.2	–	–	2.3
Contributions from non-controlling interests	–	–	–	–	–	–	0.3	0.3

Total transactions with owners in their capacity as owner	0.3	1.8	–	–	0.2	(53.7)	0.3	(51.1)
Movements on cash flow hedges released directly from equity	–	–	0.7	–	–	–	–	0.7
Deferred tax on cash flow hedges released directly from equity	–	–	(0.2)	–	–	–	–	(0.2)
Movements on cost of hedging released directly from equity	–	–	–	(26.0)	–	–	–	(26.0)
Deferred tax on cost of hedging released directly from equity	–	–	–	6.5	–	–	–	6.5
Movements in equity associated with share-based payments	–	–	–	–	–	8.8	–	8.8
At 30 June 2024	49.4	443.0	108.7	11.5	584.5	965.7	11.5	2,174.3

(1) Other comprehensive expense in respect of other reserves relates wholly to movements in the translation reserve.

Condensed consolidated cash flow statement

		Six months ended 30 June	
	Notes	**2025 (Unaudited) £m**	2024 (Unaudited) £m
Cash generated from operations	8	**377.5**	399.9
Income taxes paid		**(48.9)**	(69.7)
Interest paid		**(50.8)**	(42.0)
Interest received		**9.1**	8.6
Net cash from operating activities		**286.9**	296.8
Cash flows from investing activities			
Purchases of property, plant and equipment		**(139.5)**	(188.3)
Purchases of intangible assets		**(4.3)**	(4.6)
Proceeds from the sale of property, plant and equipment		**2.0**	–
Distributions to associates		**(0.4)**	(1.0)
Net cash used in investing activities		**(142.2)**	(193.9)
Cash flows from financing activities			
Equity dividends paid		**(55.7)**	(53.7)
(Distributions to)/contributions from non-controlling interests		**(0.7)**	0.3
Proceeds from issue of share capital		**3.5**	2.2
Repurchase of own shares	9	**(140.5)**	–
Drawdown of borrowings		**–**	681.8
Repayment of borrowings		**–**	(829.2)
Net payment of financing derivatives		**–**	(6.7)
Payment of principal of lease liabilities		**(13.6)**	(14.2)
Other financing costs paid		**–**	(7.7)
Net cash absorbed by financing activities		**(207.0)**	(227.2)
Net decrease in cash and cash equivalents		**(62.3)**	(124.3)
Cash and cash equivalents at beginning of the period		**356.0**	379.5

Effect of changes in foreign exchange rates	**(17.7)**	7.6
Cash and cash equivalents at end of the period	**276.0**	262.8

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 2024 Annual report and accounts on pages 172–266.

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 Board. In the second half of 2024 the way the Board reviews performance changed and the segments were updated to reflect this. The Generation segment, which was previously presented as one segment, was separated into two segments, being Biomass Generation and Flexible Generation. Further information on this change can be found on page 172 of the 2024 Annual report and accounts.

The Board 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, 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 does not earn revenues, 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 electricity is purchased rather than generated to fulfil a 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 electricity or the direct cost of purchasing electricity, the relevant grid connection costs that arise, and Electricity Generator Levy (EGL) arising on applicable renewable and low-carbon generation. In respect of the Energy Solutions business, this reflects the direct costs of supply, being the costs of the electricity 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).

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 2025. 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 (primarily 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 2024 Annual report and accounts.

	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 losses on 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**

	Six months ended 30 June 2024 (Unaudited)							
	Pellet Production £m	Restated[(1)] Biomass Generation £m	Restated[(1)] Flexible Generation £m	Energy Solutions £m	Innovation, capital projects and other	Restated[(1)] Intra-group eliminations £m	Exceptional items and certain remeasure-	Total results £m

					£m		Adjusted results £m	ments £m	
Revenue									
External sales	160.8	799.8	35.7	2,066.5	–	–	3,062.8	95.5	3,158.3
Inter-segment sales	281.1	1,466.2	83.5	–	–	(1,830.8)	–	–	–
Total revenue	441.9	2,266.0	119.2	2,066.5	–	(1,830.8)	3,062.8	95.5	3,158.3
Cost of sales	(270.2)	(1,627.4)	(20.6)	(1,988.9)	–	1,821.6	(2,085.5)	19.7	(2,065.8)
Electricity Generator Levy	–	(106.2)	(7.5)	–	–	–	(113.7)	–	(113.7)
Gross profit	171.7	532.4	91.1	77.6	–	(9.2)	863.6	115.2	978.8
Operating and administrative expenses	(107.1)	(137.8)	(14.8)	(42.1)	(31.9)	0.6	(333.1)	–	(333.1)
Impairment losses on financial assets	–	(2.0)	–	(13.3)	–	–	(15.3)	–	(15.3)
Depreciation	(47.1)	(44.0)	(8.1)	(0.3)	(1.4)	1.2	(99.7)	–	(99.7)
Amortisation	(2.3)	(1.0)	–	(5.0)	(0.3)	–	(8.6)	–	(8.6)
Other losses	(2.4)	(1.0)	–	–	–	–	(3.4)	–	(3.4)
Share of losses from associates	(0.6)	–	–	–	(0.5)	–	(1.1)	–	(1.1)
Operating profit/(loss)	12.2	346.6	68.2	16.9	(34.1)	(7.4)	402.4	115.2	517.6

(1) Comparative amounts have been restated to reflect the updated presentation of reporting Biomass Generation and Flexible Generation separately. See page 172 of the 2024 Annual report and accounts for further details on this restatement.

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			
	2025 (Unaudited)		Restated[1] 2024 (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	**–**	**22.3**	–	44.7
Biomass Generation[2]	**–**	**9.6**	0.4	25.8
Flexible Generation[2]	**–**	**17.1**	–	62.4
Energy Solutions	**1.2**	**0.3**	1.9	–
Innovation, capital projects and other	**2.9**	**5.8**	1.3	4.2
Total	**4.1**	**55.1**	3.6	137.1

(1) The definition of Capital expenditure has been updated in the current period to align with the current way the information is presented to the Board. Capitalised interest and plant spares are now excluded from the definition of capital expenditure. Comparative amounts have been restated to reflect this change. In the six months to 30 June 2024 there was £3.1 million of capitalised interest (Pellet Production £1.3 million, and Flexible Generation £1.8 million) and £2.8 million of capital plant spare additions (Biomass Generation £2.4 million, and Flexible Generation £0.4 million) which were included in the amounts recognised in the 2024 Condensed consolidated financial statements, but have been restated to exclude these amounts in the table above.

(2) Comparative amounts have been restated to reflect the updated presentation of reporting Biomass Generation and Flexible Generation separately. See page 172 of the 2024 Annual report and accounts for further details on this restatement.

Geographical analysis of revenue and non-current assets

	Revenue (based on location of customer)

	Six months ended 30 June	
	2025 (Unaudited) £m	2024 (Unaudited) £m
North America (Canada and US)	**3.4**	4.6
Europe (excluding UK)	**2.5**	13.8
Asia	**127.9**	122.7
UK	**2,513.2**	3,017.2
Total	**2,647.0**	3,158.3

	Non-current assets(1) (based on asset's location)	
	As at 30 June 2025 (Unaudited) £m	As at 31 December 2024 (Audited) £m
Canada	**328.5**	356.5
US	**609.5**	698.9
Asia	**0.2**	0.2
UK	**2,315.7**	2,334.1
Total	**3,253.9**	3,389.7

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

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 £579.9 million to £2,067.1 million (six months ended 30 June 2024: by £563.8 million to £2,594.5 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 £54.1 million of such sales (six months ended 30 June 2024: £50.8 million), with a similar value reflected in cost of sales.

For further details on the revenue streams listed below see pages 175–177 of the Group's 2024 Annual report and accounts.

The sources of revenue were as follows:

	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**

	Restated(1) Six months ended 30 June 2024 (Unaudited)		
	External £m	Inter-segment £m	Total £m
Pellet Production			
Pellet sales	157.0	281.1	438.1
Other income	3.8	–	3.8
Total Pellet Production	160.8	281.1	441.9
Biomass Generation			
Electricity and gas sales	685.2	1,423.3	2,108.5
Renewable certificate sales	80.1	21.5	101.6
CfD income	22.8	–	22.8
Ancillary services	10.5	–	10.5
Other income	1.2	21.4	22.6
Total Biomass Generation	799.8	1,466.2	2,266.0
Flexible Generation			
Electricity sales	10.2	83.5	93.7
Ancillary services	11.7	–	11.7
Other income	13.8	–	13.8
Total Flexible Generation	35.7	83.5	119.2
Energy Solutions			
Electricity and gas sales	2,030.2	–	2,030.2
EBRS and EBDS income	14.6	–	14.6
Renewable certificate sales	21.7	–	21.7
Total Energy Solutions	2,066.5	–	2,066.5
Elimination of inter-segment sales	–	(1,830.8)	(1,830.8)
Total consolidated revenue in Adjusted results	3,062.8	–	3,062.8
Certain remeasurements	95.5	–	95.5
Total consolidated revenue in Total results	3,158.3	–	3,158.3

(1) Comparative amounts have been restated to reflect the updated presentation of reporting Biomass Generation and Flexible Generation separately. See page 172 of the 2024 Annual report and accounts for further details on this restatement.

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	
	2025 (Unaudited) £m	2024 (Unaudited) £m

Interest payable and similar charges:		
Interest payable	**(53.5)**	(55.9)
Unwinding of discount on provisions	**(1.4)**	(1.4)
Capitalised interest	**12.6**	3.1
Total interest payable and similar charges included in Adjusted results	**(42.3)**	(54.2)
Interest receivable and similar gains:		
Interest income on bank deposits	**9.1**	8.4
Interest income on defined benefit pension surplus	**0.7**	0.4
Other interest income	**–**	0.2
Gain on repurchase of loan notes	**–**	1.7
Total interest receivable and similar gains included in Adjusted results	**9.8**	10.7
Foreign exchange gains/(losses) included in Adjusted results	**12.0**	(11.1)
Net finance costs included in Adjusted results	**(20.5)**	(54.6)
Certain remeasurements on financing derivatives	**–**	0.2
Net finance costs included in Total results	**(20.5)**	(54.4)

The £12.6 million (six months ended 30 June 2024: £3.1 million) of capitalised interest has 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.

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 £9.9 million (six months ended 30 June 2024: £2.1 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 2024: 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 2024: 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. Taxation

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	
	2025 (Unaudited) £m	2024 (Unaudited) £m
Tax charge comprises:		
Current tax		
- Current period charge	**53.6**	48.0

	Six months ended 30 June	
	2025 (Unaudited) £m	2024 (Unaudited) £m
Deferred tax		
- Current period charge	**6.4**	76.0
Tax charge	**60.0**	124.0

The majority of the Group's anticipated full year profit is UK-based. The headline statutory rate of taxation on UK profits for 2025 is 25.0% (2024: 25.0%).

The expected full year effective tax rate of 21.6% (2024: 27.4%) is lower than (2024: higher than) the main rate of tax primarily due to Patent Box. In the prior year, the rate was higher mainly due to the Electricity Generator Levy (EGL) which is disallowable for corporation tax, therefore increasing the effective tax rate. The Group anticipates the EGL charge for the full year to be £nil (year ended 31 December 2024: £160.8 million) due to significantly lower power prices. The primary current tax rate benefit is in respect of UK corporation tax relief for full expensing of qualifying capital expenditure, particularly in relation to the OCGT Hirwaun Power Limited which is due to commence trading in 2025.

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 legislation implementing the rules in the UK was substantively enacted on 20 June 2023 and applied to the 2024 financial year onwards.

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 fall within the Transitional Country by Country Reporting Safe Harbour for all jurisdictions in 2025, such that the expected top-up tax payable over the transitional period is expected to be £nil, based on the latest medium-term forecasts up to and including the year ended 31 December 2026.

The Group continues to monitor developments in the UK and outside of the UK to ensure ongoing compliance with its administrative obligations under these rules along with the reassessments of the latest forecasts to confirm the Group's exposure to Pillar Two.

Following the announcement of the 'One Big Beautiful Bill Act' in the US, the Group is currently reviewing the recent changes to the US tax system. The removal of Section 899, the so called 'revenge tax' which would have increased tax payable in the US by companies in certain countries, is positive news for the Group. Currently, the Group has not identified any issues which would be expected to have a material impact either on the effective tax rate or on tax payments expected to be made. However, the Group is still working through the detail with advisers and will provide any further guidance within the Group's 2025 Annual report and accounts.

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 to these Condensed consolidated interim financial statements 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 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 112–125 of the Group's 2024 Annual report and accounts for further details.

The following transaction was designated as an exceptional item and presented separately during the current period:

- 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

No items were designated as exceptional in the six-month period ended 30 June 2024.

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 is entering into forward contracts as economic hedges to 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	
	2025 (Unaudited) £m	2024 (Unaudited) £m
Exceptional items:		
Opus Energy sale of meter points and restructuring	**(1.6)**	–
Exceptional items included in operating profit	**(1.6)**	–
Tax on exceptional items	**0.4**	–
Exceptional items after tax	**(1.2)**	–
Certain remeasurements:		
Net certain remeasurements included in revenue	**45.9**	95.5
Net certain remeasurements included in cost of sales	**(65.2)**	19.7
Certain remeasurements included in operating profit	**(19.3)**	115.2
Net certain remeasurements included in interest payable and similar charges	**–**	(0.2)
Net certain remeasurements included in foreign exchange gains and losses	**–**	0.4
Certain remeasurements included in profit before tax	**(19.3)**	115.4
Tax on certain remeasurements	**4.8**	(28.8)
Certain remeasurements after tax	**(14.5)**	86.6

Reconciliation of profit for the period:		
Adjusted profit for the period	**236.4**	252.6
Exceptional items after tax	**(1.2)**	–
Certain remeasurements after tax	**(14.5)**	86.6
Total profit for the period	**220.7**	339.2

Opus Energy sale of meter points and related restructuring

In May 2025 the Group completed the sale of its non-core SME customer meter points, a process which commenced in 2024 with the sale of the majority of its SME customer meter points to EDF Energy Customers Limited (see page 193 of the Group's 2024 Annual report and accounts for further details on this sale and restructuring) and concluded with the sale of the residual SME customer meter points and related receivables to Pozitive Energy Limited. An employee consultation process has also been completed resulting in a reduction in headcount to reflect a focus on core industrial and commercial (I&C) and renewables services.

The table below details the amounts recognised in the six months to 30 June 2025 on the sale of the non-core SME customer meter points and related receivables to Pozitive Energy Limited and additional amounts recognised relating to the restructuring of the Energy Solutions business that commenced in the prior year. The table below also includes any amounts recognised in the six months to 30 June 2025 in relation to the sale of the non-core SME customer meter points to EDF in the prior year. These amounts have continued to be classified as exceptional and predominantly relate to updates to initial estimates based on updated information now available:

	Six months ended 30 June 2025 (Unaudited) £m
Consideration received for customer meter points	**3.8**
Net liabilities disposed of directly related to the transferred customers	**2.2**
Profit on disposal of customer meter points – included in other gains and losses	**6.0**

Other losses incurred as a direct result of the transaction and restructuring	
Redundancy, transaction and migration costs – included in operating and administrative expenses	**(2.2)**
Fair value movements on receivables relating to customers transferred to EDF – included in operating and administrative expenses	**(1.2)**
Impairment of trade receivables – included in impairment losses on financial assets	**(4.2)**
Net loss recognised as a result of the transaction	**(1.6)**

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 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**

	Six months ended 30 June 2024 (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	3,158.3	978.8	517.6	463.2	(124.0)	339.2	88.1	296.8
Certain remeasurements:								
Net fair value remeasurement on derivative contracts	(95.5)	(115.2)	(115.2)	(115.4)	28.8	(86.6)	(22.5)	–
Adjusted results	3,062.8	863.6	402.4	347.8	(95.2)	252.6	65.6	296.8

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

	2025 (Unaudited)			2024 (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)	**322.2**	**(0.1)**	**322.1**	402.8	(0.4)	402.4
Depreciation	**113.8**	**0.6**	**114.4**	99.2	0.5	99.7
Amortisation	**7.2**	**–**	**7.2**	8.6	–	8.6
Other losses	**2.1**	**–**	**2.1**	3.4	–	3.4
Share of losses from associates	**0.7**	**–**	**0.7**	1.1	–	1.1
Impairment of non-current assets	**14.4**	**–**	**14.4**	–	–	–
Adjusted EBITDA	**460.4**	**0.5**	**460.9**	515.1	0.1	515.2

	Six months ended 30 June	
	2025 (Unaudited) £m	Restated[1] 2024 (Unaudited) £m
Segment Adjusted EBITDA:		
Pellet Production	**73.7**	64.5
Biomass Generation	**332.2**	392.6
Flexible Generation	**63.5**	76.3
Energy Solutions	**17.9**	22.2
Innovation, capital projects and other	**(33.4)**	(31.9)
Intra-group eliminations	**6.5**	(8.6)
Total Adjusted EBITDA	**460.4**	515.1

(1) Comparative amounts have been restated to reflect the updated presentation of reporting Biomass Generation and Flexible Generation separately. See page 172 of the 2024 Annual report and accounts for further details on this restatement.

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 entered into cross-currency interest rate swaps, fixing the sterling value of the principal repayments and interest in respect of the Group's euro (EUR) denominated debt. The Group has also entered fixed rate foreign exchange forwards to fix the sterling value of the principal repayment of the Canadian dollar (CAD) denominated debt and certain EUR denominated debt (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 2025 (Unaudited) £m	As at 31 December 2024 (Audited) £m
Borrowings (note 7)	**(1,198.9)**	(1,176.7)
Lease liabilities	**(102.9)**	(116.5)

Cash and cash equivalents	**276.0**	356.0
Net cash, borrowings and lease liabilities	**(1,025.8)**	(937.2)
Non-controlling interests' share of cash and cash equivalents in non-wholly owned subsidiaries	**(0.5)**	(0.8)
Non-controlling interests' share of lease liabilities in non-wholly owned subsidiaries	**0.4**	0.5
Impact of hedging instruments	**(35.6)**	(54.2)
Net debt	**(1,061.5)**	(991.7)

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

	Six months ended 30 June 2025 (Unaudited) £m	Year ended 31 December 2024 (Audited) £m
Net debt at beginning of the period	**(991.7)**	(1,219.7)
Decrease in cash and cash equivalents	**(80.0)**	(23.5)
Decrease/(increase) in non-controlling interests' share of cash and cash equivalents in non-wholly owned subsidiaries	**0.3**	(0.5)
(Increase)/decrease in borrowings	**(22.2)**	248.6
Decrease in lease liabilities	**13.6**	19.3
(Decrease)/increase in non-controlling interests' share of lease liabilities in non-wholly owned subsidiaries	**(0.1)**	0.5
Movement in the impact of hedging instruments	**18.6**	(16.4)
Net debt at end of the period	**(1,061.5)**	(991.7)

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 2025 (Unaudited)	As at 31 December 2024 (Audited)
Net debt (£m)	**(1,061.5)**	(991.7)
Adjusted EBITDA LTM basis (£m)	**1,009.5**	1,064.2
Net debt to Adjusted EBITDA ratio	**1.1**	0.9

Cash and committed facilities

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

	As at 30 June 2025 (Unaudited) £m	As at 31 December 2024 (Audited) £m
Cash and cash equivalents	**276.0**	356.0
RCF available but not utilised(1)	**450.0**	450.0
Total cash and committed facilities	**726.0**	806.0

(1) As at 30 June 2025, the Group had no cash or non-cash drawings under the RCF (31 December 2024: no cash or non-cash drawings under the RCF).

Further commentary on cash and committed facilities is contained within the CFO's financial review.

Adjusted basic EPS and Adjusted diluted EPS

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Number of shares (millions):		

Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**360.7**	386.0
Effect of dilutive potential ordinary shares under share plans	**7.2**	4.3
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**367.9**	390.3

	Six months ended 30 June			
	2025 (Unaudited)		2024 (Unaudited)	
	Adjusted results	**Total results**	Adjusted results	Total results
Profit for the period attributable to owners of the parent company (£m)	**236.5**	**220.8**	253.1	339.7
Earnings per share – basic (pence)	**65.6**	**61.2**	65.6	88.1
Earnings per share – diluted (pence)	**64.3**	**60.0**	64.9	87.1

Details of capital expenditure, another APM used by the Group, are disclosed in note 2.

7. Borrowings

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

	As at 30 June 2025 (Unaudited)				As at 31 December 2024 (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**	**300.9**	7.5%	€350.0	2029	289.5
UK infrastructure private placement facility (2019)	**3.0%**	**£50.0**	**2029**	**49.5**	3.0%	£50.0	2029	49.5
UK infrastructure private placement facility (2020)	**2.6%**	**€31.5 + £98.0**	**2027 – 2030**	**124.3**	2.5%	€101.5 + £98.0	2026 – 2030	181.0
CAD term loan facility	**–**	**–**	**n/a**	**–**	6.1%	C$200.0	2026	111.0
GBP and EUR term loan facility (2024)	**5.5%**	**€185.0 + £100.0**	**2027 – 2029**	**258.1**	5.5%	€185.0 + £100.0	2027 – 2029	251.9
£125m GBP term loan facility (2024)	**6.2%**	**£125.0**	**2027 – 2029**	**125.5**	6.2%	£125.0	2027 – 2029	124.9
£50m GBP term loan facility (2024)	**5.5%**	**£50.0**	**2028**	**50.1**	5.5%	£50.0	2028	49.9
Current secured borrowings:								
2.625% EUR loan notes 2025	**4.6%**	**€143.8**	**2025**	**123.5**	4.6%	€143.8	2025	119.0
UK infrastructure private placement facility (2020)	**2.1%**	**€70.0**	**2026**	**60.1**	–	–	n/a	–
CAD term loan facility	**6.1%**	**C$200.0**	**2026**	**106.9**	–	–	n/a	–
Total borrowings				**1,198.9**				1,176.7
Current				**290.5**				119.0
Non-current				**908.4**				1,057.7

(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.

During 2024, the Group refinanced a number of existing facilities to extend the Group's average debt maturity profile. Further details of this refinancing activity is provided in the Group's 2024 Annual report and accounts on pages 217–218.

During July 2025, the Group has agreed with the lenders of the GBP and EUR term loan facility (2024) to extend the maturity of the €135.0 million and £50.0 million tranches that were due to mature in 2027 by one year to 2028.

The Group has a committed £450.0 million revolving credit facility (RCF). During the period, the maturity of the facility was extended from August 2027 to August 2028. 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 2025.

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 5.39% (31 December 2024: 5.39%).

Reconciliation of borrowings

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

	Six months ended 30 June 2025 (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
2.625% EUR loan notes 2025	**119.0**	–	–	–	**(1.6)**	**6.1**	**123.5**
5.875% EUR loan notes 2029	**289.5**	–	–	–	**(8.6)**	**20.0**	**300.9**
UK infrastructure private placement facility (2019)	**49.5**	–	–	–	**(1.6)**	**1.6**	**49.5**
UK infrastructure private placement facility (2020)	**181.0**	–	–	–	**(4.3)**	**7.7**	**184.4**
CAD term loan facility	**111.0**	–	–	–	**(2.9)**	**(1.2)**	**106.9**
GBP and EUR term loan facility (2024)	**251.9**	–	–	–	**(6.7)**	**12.9**	**258.1**
£125m GBP term loan facility (2024)	**124.9**	–	–	–	**(4.1)**	**4.7**	**125.5**
£50m GBP term loan facility (2024)	**49.9**	–	–	–	**(1.5)**	**1.7**	**50.1**
Total borrowings	**1,176.7**	–	–	–	**(31.3)**	**53.5**	**1,198.9**

Non-cash movements on borrowings comprises foreign exchange losses of £20.1 million and interest costs of £33.4 million.

	Year ended 31 December 2024 (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	215.7	–	–	(88.7)	(4.4)	(3.6)	119.0
6.625% USD loan notes 2025	391.5	–	–	(393.9)	(13.0)	15.4	–
5.875% EUR loan notes 2029	–	298.8	(4.4)	–	(7.8)	2.9	289.5
UK infrastructure private placement facility (2019)	373.9	–	–	(325.0)	(10.9)	11.5	49.5
UK infrastructure private placement facility (2020)	206.4	–	(0.8)	(21.6)	(11.5)	8.5	181.0
CAD term loan facility	117.8	–	(0.1)	–	(6.6)	(0.1)	111.0
GBP and EUR term loan facility (2024)	–	258.0	(2.0)	–	(9.9)	5.8	251.9
£125m GBP term loan facility (2024)	–	125.0	(1.3)	–	(3.7)	4.9	124.9
£50m GBP term loan facility (2024)	–	50.0	(0.4)	–	(0.6)	0.9	49.9
Collateral facility	120.0	–	–	(120.0)	(6.4)	6.4	–

Total borrowings	1,425.3	731.8	(9.0)	(949.2)	(74.8)	52.6	1,176.7

Non-cash movements in borrowings comprises foreign exchange gains of £30.7 million, interest costs of £85.0 million and gains on extinguishment of £1.7 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	
	2025 (Unaudited) £m	2024 (Unaudited) £m
Profit for the period	**220.7**	339.2
Adjustments for:		
Interest payable and similar charges	**42.3**	54.4
Interest receivable and similar gains	**(9.8)**	(10.7)
Tax charge	**60.0**	124.0
Research and development tax credits	**–**	(1.0)
Share of losses from associates	**0.7**	1.1
Depreciation of property, plant and equipment	**100.7**	86.1
Depreciation of right-of-use assets	**13.7**	13.6
Amortisation of intangible assets	**7.2**	8.6
Impairment of non-current assets	**14.4**	–
Losses on disposal of fixed assets	**2.8**	–
Other losses	**–**	4.6
Certain remeasurements of derivative contracts(1)	**8.0**	(120.5)
Non-cash charge for share-based payments	**7.2**	8.8
Effect of changes in foreign exchange rates	**12.3**	(15.7)
Operating cash flows before movement in working capital	**480.2**	492.5
Changes in working capital:		
Decrease in inventories	**26.5**	3.6
Increase in renewable certificate assets	**(356.5)**	(688.0)
Decrease in receivables	**157.6**	318.4
Increase in payables	**119.4**	212.1
Net movement in derivative-related collateral	**(43.4)**	61.4
Decrease in provisions	**(5.9)**	–
Total cash absorbed by working capital	**(102.3)**	(92.5)
Pension service charge less contributions paid	**(0.4)**	(0.1)
Cash generated from operations	**377.5**	399.9

(1) 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 £8.0 million inflow due to the adjustment for certain remeasurements of derivative contracts (six months ended 30 June 2024: £120.5 million outflow) relates to unrealised fair value losses on open derivatives, being offset by cash payments on maturing trades where derivative losses had been recognised in a previous period.

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 outflow of £43.4 million from the movement in derivative-related cash collateral during the six months ended 30 June 2025 (six months ended 30 June 2024: £61.4 million inflow), as trades have matured and mark-to-market net liabilities have increased. As at 30 June 2025 the Group had posted £38.3 million (as at 31 December 2024: £4.7 million) of cash collateral payments, recognised in receivables and held no cash collateral receipts (as at 31 December 2024: £9.8 million), recognised in payables.

The Group had also utilised £14.5 million (as at 31 December 2024: £14.5 million) of letters of credit and £20.0 million (as at 31 December 2024: £30.0 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 enhances 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 2025 (Unaudited) £m	As at 31 December 2024 (Audited) £m	**Working capital inflow/ (outflow) in the period (Unaudited) £m**
Receivables monetisation	**367.8[(1)]**	400.0[(1)]	**(32.2)**
ROC monetisation sales	**–**	–	**–**
Supply chain finance scheme	**(30.5)**	(38.4)	**(7.9)**
Deferred letters of credit	**(132.2)**	(150.3)	**(18.1)**

(1) As at 30 June 2025 the Group had sold £292.2 million (31 December 2024: £386.3 million) of receivables under this facility. At 30 June 2025 the Group had recognised an amount payable to the facility provider of £75.6 million (31 December 2024: £13.7 million), being the movement in the receivables sold compared to the prior month. This amount was paid to the facility provider in July 2025 (31 December 2024: January 2025), therefore as at 30 June 2025 the utilisation of the facility was £367.8 million (31 December 2024: £400.0 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 supply chain finance 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 impact of these facilities on the cash flows of the Group is explained further below.

During the six months to 30 June 2025 there was a £356.5 million outflow due to a combination of generation, utilisation, purchases and sales of renewable certificates (six months ended 30 June 2024: £688.0 million). The outflow is predominantly due to an increase in the value of renewable certificates generated and still held by the Group. The Group had not monetised any ROCs from using these standard renewable certificate sales as at the current or comparative reporting dates.

The £157.6 million cash inflow due to a decrease in receivables in the six months ended 30 June 2025 (six months ended 30 June 2024: £318.4 million) is largely the result of lower power prices across the Biomass Generation, Flexible Generation and Energy Solutions businesses.

The receivables monetisation facility has a limit of £400.0 million which was due to reduce to £300.0 million in March 2025, with maturity of the overall facility in January 2027. During the period the maturity was extended to March 2030. The Group now has the option to set the facility limit between £300.0 million and £400.0 million, subject to lender approval. The limit was £400.0 million as at 30 June 2025 (31 December 2024: £400.0 million). Utilisation of the facility was £367.8 million at 30 June 2025 (as at 31 December 2024: £400.0 million) resulting in a cash outflow of £32.2 million in the six months ended 30 June 2025 (six months ended 30 June 2024: no cash flow impact). On 7 July 2025, upon the Group's request, the lender has agreed to reduce the facility limit to £350.0 million from 5 August 2025 in line with the lower receivables balances in the Energy Solutions business.

Payables have increased since 31 December 2024 with a cash inflow of £119.4 million in the six months ended 30 June 2025 (six months ended 30 June 2024: £212.1 million). This increase is predominantly due to an increase in renewable certificate accruals as a result of being further through the compliance periods. 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 2025, the Group had trade payables of £30.5 million (as at 31 December 2024: £38.4 million) related to this supply chain finance facility.

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 2025 was £132.2 million (as at 31 December 2024: £150.3 million). Of the total deferred letters of credit, £65.2 million (as at 31 December 2024: £92.8 million) were utilised for capital expenditure and £67.0 million (as at 31 December 2024: £57.5 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 2025 (Unaudited)	
	£m	**Number**
Issued and fully paid:		
At 1 January 2025	**49.4**	**427,770,766**
Issue of shares	**0.4**	**3,743,489**
At 30 June 2025	**49.8**	**431,514,255**

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 230–233 in the Group's 2024 Annual report and accounts.

On 26 July 2024, the Group announced a £300 million share buyback programme. As at 30 June 2025, £255.9 million of shares have been repurchased under this programme, of which £140.5 million of shares have been repurchased in the six months to 30 June 2025 and recognised as treasury shares. Additionally, a liability of £4.3 million has been recognised as a debit to retained earnings in respect of shares purchased under the programme but where the transaction had not been settled as at the reporting date. 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 198 in the Group's 2024 Annual report and accounts for further details.

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 243–259 of the Group's 2024 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 2025 (Unaudited) £m	As at 31 December 2024 (Audited) £m
Derivative assets		
Commodity contracts	**113.4**	153.5
Foreign currency exchange contracts	**32.8**	96.7
Interest rate and cross-currency contracts	**4.9**	7.1
Total derivative assets	**151.1**	257.3
Split between:		
Non-current assets	**31.9**	81.7
Current assets	**119.2**	175.6
Derivative liabilities		
Commodity contracts	**(49.5)**	(81.8)
Foreign currency exchange contracts	**(98.4)**	(36.9)
Interest rate and cross-currency contracts	**(22.2)**	(30.6)
Inflation rate contracts	**(99.0)**	(184.0)
Total derivative liabilities	**(269.1)**	(333.3)
Split between:		
Non-current liabilities	**(66.1)**	(262.2)
Current liabilities	**(203.0)**	(71.1)
Total net derivative financial instruments	**(118.0)**	(76.0)

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 2025 (Unaudited) £m	As at 31 December 2024 (Audited) £m
Assets		

Level 2:		
Derivative financial instruments (as above)	**151.1**	257.3
Level 3:		
Contingent consideration[(1)]	**9.4**	9.4
Total assets	**160.5**	266.7
Liabilities		
Level 2:		
Derivative financial instruments (as above)	**(269.1)**	(333.3)
Total liabilities	**(269.1)**	(333.3)

(1) Contingent consideration is presented within Trade and other receivables and contract assets within the Condensed consolidated balance sheet.

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 CfD revenue and Capacity Market revenue, both 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.

Level 3 fair values

The contingent consideration receivable by the Group relates to the sale of the Combined Cycle Gas Turbine (CCGT) portfolio in 2021. The gross nominal value of £29.0 million is contingent on certain triggers in respect of the option to develop the Damhead Creek 2 land disposed of as part of the sale of these assets. The fair value measurement for the contingent consideration has been categorised as Level 3 based on the inputs to the valuation technique used. The fair value was measured at £9.4 million as at 30 June 2025 (31 December 2024: £9.4 million) and there have been no significant changes to the inputs or valuation techniques used since 31 December 2024. For further details on the valuation process, valuation technique, and the observable and unobservable inputs used, please see pages 241–242 of the Group's 2024 Annual report and accounts.

A reconciliation of the contingent consideration is detailed below:

	Six months ended 30 June 2025 (Unaudited) £m	Year ended 31 December 2024 (Audited) £m
Balance at beginning of the period	**9.4**	9.2
Net change in fair value	**–**	0.2
Balance at end of the period	**9.4**	9.4

There are no reasonably possible changes to unobservable inputs to the fair value calculation that would have a material impact on the fair value measurement of the contingent consideration.

12. Adoption of new and amended accounting standards

The following amendment became effective for the first time in 2025. The Group adopted the following from 1 January 2025:

- IAS 21 (amended) – Lack of Exchangeability – effective from 1 January 2025

The adoption of this amendment 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 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
- IFRS 18 – Presentation and Disclosure in Financial Statements – effective from 1 January 2027(1)
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures – effective from 1 January 2027(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, subject to UK endorsement, with early adoption permitted. 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 considering the impact of applying IFRS 18.

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.

13. Post balance sheet events

On 30 July 2025, the Board approved to extend the current share buyback programme with the purchase of an additional £450.0 million over a three-year period. The additional share buyback is expected to follow the current share buyback and complete by the end of 2028.

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 2025 (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 2025;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended;
- the Condensed consolidated cash flow statement 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. 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
30 July 2025

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 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 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	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).

		key metric used by the investor community to assess the performance of the Group's operations.	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) attributable to each ordinary share outstanding.	Adjusted basic 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.
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[3]	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.

(3) The definition of Capital expenditure has been updated in the current period to align with the way the information is currently presented to the Board. The definition now excludes capitalised borrowing costs and capital plant spare additions. See the capital expenditure by segment table in note 2 for further details of this change.

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.

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.

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.

CDRs
Carbon dioxide removals.

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.

EBDS
The UK Government's Energy Bills Discount Scheme.

EBRS
The UK Government's Energy Bill Relief Scheme.

EGL
The Electricity Generator Levy.

ESG
Environmental, Social and Governance.

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.

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.

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