

13 June 2025

**Financial and operational highlights**

**Chief Executive Officer, Mark Thurston, commented:**

"I am pleased to report a strong financial year, closing AMP7 on a solid footing. Revenue increased by 7.5% to £1,749.3 million, and operating profit rose 15.2% to £496.5 million, driven by strong EBITDA. In addition, we invested a record £1,081 million to enhance our infrastructure and long-term resilience.

"2024/25 has also been a year of significant leadership change. Both Michael Bradley, our Chief Financial Officer, and I joined the business during this period. Alongside the wider executive team, we led a comprehensive prioritisation programme focused on seven key areas. Designed to strengthen our AMP7 close-out, this work directly contributed to performance improvements in areas such as our Water industry national environment programme (WINEP) obligations and treatment works compliance since our mid-year position — a clear sign of progress we will continue through AMP8.

"Almost half (c.£16 million) of our £33.4 million ODI penalty for 2024/25 results from our leakage performance which, while falling short of our individual target, remains one of the industry's leading positions. The other half of the penalty is made up of underperformance in areas such as pollution incidents, water supply interruptions, and internal and external sewer flooding. We acknowledge we have more work to do to reach our 2030 vision to be an upper quartile performer.

"Our referral to the CMA remains central to securing a long-term framework that enables essential investment while delivering value for customers and ensuring strong performance is fairly recognised. This process has not slowed our AMP8 momentum — we are already taking decisive action in year one, focusing on operational delivery, customer service and cost efficiency.

"We recognise the challenges ahead. While important progress has been made, returning the business to upper quartile performance is our priority. The strategies and plans being implemented give us confidence in our trajectory and provide a clear roadmap for delivering consistent, high-quality outcomes for customers, colleagues, regulators, investors and the environment.

"In 2024 Serious Pollutions incidents fell by 36%, however Total Pollutions performance saw an increase in incidents in 2024 compared with 2023. We continue to work closely with our regulators and have taken significant steps to improve, including £100 million of investment from our shareholders in July 2024 to address key areas: asset health, blockages and hydraulic overloading.

"Customers remain at the heart of everything we do, as we supply over 1 billion litres of clean drinking water daily. We maintained our 7th place CMeX ranking, 5th when comparing against the Water and Sewerage Companies, while our Priority Services Register grew to 444,387 customers (14.7% of our base), exceeding our AMP7 target within the period and ahead of the scheduled end date.

"In summary, 2024/25 has been a year of transition, focus and progress, setting firm foundations for a strong and successful AMP8."

**Results presentation and Q&A**

Join us for a presentation of our full-year results:

- 09:00 (UK time), Tuesday 24 June – [In-person event in London](#)
- 14:00 (UK time), Tuesday 24 June – [Online session with live Q&A](#)

Both sessions will cover the same content and will be made available on our [website](#) shortly after the events.

## Financial highlights

	2025	2024	Change	Change
	£m	£m	£m	%
Revenue	1,749.3	1,626.6	122.7	7.5
EBITDA*	920.0	819.5	100.5	12.3
Operating profit	496.5	430.9	65.6	15.2
Capital Investment*	1,080.6	963.4	117.2	12.2
Operating cash flow	811.3	767.1	44.2	5.8
Net debt before derivatives*	(7,721.1)	(6,976.9)	(744.2)	10.7

\* Financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures. The Group uses such measures for performance analysis because they provide additional useful information on the performance and position of the Group. Since the Group defines its own alternative performance measures, these might not be directly comparable to other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements and have been consistently applied within each year presented in these financial statements. EBITDA and Net debt excluding derivatives are alternative performance measure as defined in note 6.

### Revenue up 7.5%

- Revenue increased by £122.7 million to £1,749.3 million primarily as a result of a price increase of 8.6% reflecting allowed inflationary and real terms increases set out in the PR19 determination regulatory settlement. All other factors such as consumption remained relatively consistent year on year.

### EBITDA up 12.3%

- Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by £100.5 million to £920.0 million with revenue increases partially offset by increased operating costs as set out on page 12. Our strong cost control in the year and over the AMP have allowed the additional capital investment over and above what was funded by Ofwat.

### Operating profit up 15.2%

- Operating profit increased by £65.6 million to £496.5 million reflecting strong EBITA, partially offset by higher depreciation.
- The increase in depreciation reflects the significant investment made in our asset base - the year saw a record investment of £1,081 million.

### Capital investment up 12.3%

- Delivery against this investment programme has remained strong, with this year being our biggest to date with gross annual capital expenditure across the appointed business increasing from £963 million in 2023/24 to £1,081 million in 2024/25.
- This investment included continued work on our strategic pipeline which will help to support water resources in the region and enable growth along with continued spend on maintaining our existing assets. This investment also creates valuable jobs in the region both directly and indirectly through our supply chain.

### Operating cash flow up 5.8%

- Operating cash flow increased by £44.2 million to £811.3 million reflecting strong EBITDA and additional pension contributions in the year.

### Net debt before derivatives up 10.7%

- Net debt has increased by £744.2 million partly as a result of our largest ever year of capital investment and partly as we began to pre-fund even more investment in 2025/26. Gearing has temporarily increased from 69% to 71% in line with our forecast.

### Dividend

- The Directors have recommended that no final dividend in relation to 2024/25 should be paid (2024: £88.6 million paid in June 2024).

### Reconciliation of operating profit to statutory profit before tax

	Year ended 31 March 2025	Year ended 31 March 2024
	£m	£m
Operating profit	496.5	430.9
Interest excluding indexation	(221.5)	(187.6)
Indexation on debt	(197.1)	(359.9)
Finance income	48.2	44.9
Adjusted profit/(loss) before tax (as defined in note 6)	126.1	(71.7)
Fair value gains on derivatives	62.9	204.9
Statutory profit before tax	189.0	133.2

- Statutory profit before tax of £189.0 million reflects a £55.8 million increase on the prior year. This represents a significant reduction in fair value gains more than offset by a reduction in costs associated with indexation of debt. The fair value gain in the period is an unrealised, non-cash item. This is as a result of decreases in derivative liability positions, primarily driven by forecast decreases in inflation rates and forecast increases in interest rates. Fair valuation movements on derivative valuations can be volatile depending on the market rates forecast at the time of reporting and do not have a crystallised economic impact to the business until the time of actual cash flow fixing.

### ODI Penalty

- At the end of year 5 of the AMP, we are £33.4 million in net penalty, with £3.4 million in rewards and £36.8 million in penalties.
- Independent reports show our absolute performance is above average in several areas — for example, our leakage position remains one of the best in the industry and is critical for our region. However, we still remain in penalty at year-end.
- Significant improvement in our year-end position was achieved through a focused prioritisation programme, delivering operational efficiencies and stronger cross-business alignment.

- These actions improved our year-end penalty by c.25% against our forecast at July 2024, although we recognise there is more to do to return to upper quartile performance.

The above commentary provides a high-level summary of the movements in the table above. More comprehensive commentary can be found on pages 11-16.

## **Delivery and operational highlights 2024/25**

### **Financial Resilience**

- As announced in May 2025, our ultimate shareholders have committed to inject £500 million into Anglian Water Group, reflecting confidence in the business and sector.
  - £300 million will be provided by early September 2025 to repay a £240 million bond maturing in March 2026 in our Midco structure.
  - The remaining £200 million will be provided by early June 2026 to repay £200 million of bank loans maturing in mid-June 2026 in our Holdco structure.
  - This unconditional equity commitment is part of plans to strengthen the capital structure ahead of regulatory reforms and maintain strong investment grade credit ratings.
- As announced in March 2025, we have implemented a de-leveraging plan with shareholders to reduce gearing at OpCo and MidCo to 65% and 75% respectively by 2030.
  - This initiative aims to strengthen credit rating agency metrics while repaying debt as it matures at HoldCo.
  - The £500 million unconditional upfront equity commitment from shareholders, announced in May, supports this plan.
- As set out in our PR24 Business Plan, our extensive investment programme means we will look to raise c.£400 million of debt over the year to March 2026. In addition, on 11 June 2025 the Group received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new three year facility totalling £900 million.

### **CMA referral and Cunliffe Review**

- Our PR24 business plan outlines over £11 billion<sup>1</sup> worth of investment to support economic growth, climate resilience, and environmental protection in one of the UK's fastest-growing regions, with one of the lowest bill increases and largest customer support packages.
- We believe Ofwat's Final Determination underfunds essential asset maintenance and fails to strike a fair balance of risk and return, putting long-term resilience at risk despite £1 billion of efficiency savings already identified.
- As a result, we asked Ofwat to refer our PR24 Final Determination to the Competition and Markets Authority (CMA), to ensure the right balance is achieved for customers, stakeholders, and the region's future.
- However, the referral process has not delayed our programme of work, having already kickstarted delivery of year one of our AMP8 programme, with £1.1 billion earmarked for capital delivery in 2025/26 alone.

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<sup>1</sup> Correct at time of publication, however subject to change following CMA referral

- We welcome the interim findings of the Cunliffe Review, particularly its recognition of the need for long-term strategic direction, improved regulatory coordination, and investment in infrastructure resilience. We will continue to engage constructively with the regulators and the wider process as it develops towards the final report.

#### **Environmental performance and pollution management**

- Our Total Pollutions in 2024 increased. However, we have made at least a 36% reduction across our Serious Pollutions (2024: 7, 2023: 11). This represents a 50% decrease from our AMP peak of 14 incidents in 2021.
  - This year, asset failure and blockages were our leading root causes of pollutions, accounting for 39% and 36% respectively. Hydraulic overloading, which occurs when too much water enters our network, was responsible for 15% of incidents and was exacerbated by extreme rainfall and high groundwater levels – conditions that affected over 50% of our region.
  - We clear a pipe every 15 minutes, with 80% of blockages from avoidable waste. We're addressing domestic misuse with our customers through the refreshed *Just Bin It* campaign, targeting high-risk areas with education, engagement, and enforcement. Early results suggest more than 500,000 wet wipes are in the network at any time, reinforcing the need for continued action.
  - Our huge focus on monitoring over the past two years means we now have greater visibility of our network and assets than ever before. That also means we are finding, understanding and fixing more pollutions than ever, which in turn is reducing real environmental harm.
  - We also achieved a 19% improvement in self-reporting over AMP7 — the highest in the industry — with an expected Green status on the Environment Agency's Environmental Performance Assessment (EPA) for 2024.
  - We are confident that we are setting a strong foundation to underpin future performance enhancements, and, over AMP8, are aiming to deliver a 46% reduction in Total Pollutions and a 72% reduction in Serious Pollutions by 2030.
- On a like-for-like basis the average spills per storm overflow, including all Event Duration Monitor (EDM) data, was 31 spills per overflow in 2024, compared to 22 in 2023.
  - We are pleased to report 100% of our assets are now monitored, meaning we can proactively lean into and resolve the problems we are now identifying.

#### **Capital investment and infrastructure delivery**

- Our strategic interconnecting pipeline, being delivered by our Strategic Pipeline Alliance (SPA) will be completed during AMP8 rather than within the AMP7 performance commitment as originally planned.
  - Once complete, we will have a new network of hundreds of kilometres of large-scale interconnecting pipelines and associated infrastructure that will allow 265 million litres of water a day to be moved around the region from wetter areas in the north to drier areas in the south. 247 kilometres of pipe is already in the ground and will eventually join up from north Lincolnshire right down to Essex.
- Work has continued on our plans to build two new reservoirs, one in Lincolnshire and another in the Fens, Cambridgeshire, both of which will deliver significant benefits to the region once online.

- In 2024 we undertook the second phase of consultation, gathering feedback from local communities and stakeholders on topics including the initial reservoir designs and early proposals for surrounding land use, such as environmental enhancements, construction areas, and wider site opportunities.
- We continued conversations with landowners about next steps and will continue to engage closely with those potentially affected by the projects.
- We also commenced procurement of a Programme Delivery Partner (PDP), a critical component of our AMP8 delivery strategy. The PDP will support integrated programme delivery, including key reservoir schemes, reinforcing our alliancing approach to drive value for customers and the environment.

#### **Focusing on what matters to customers and managing bills**

- We have maintained 7th position for CMeX at year-end, putting us in ODI reward, reflecting our commitment to high service standards and customer experience.
  - While aiming to return to upper quartile performance, this result provides a solid foundation for further improvement.
- We concluded the year in 8th place for DMeX, performing just above the industry median.
  - Achieving a score above the median places us in reward, highlighting the positive strides we're making to enhance the experience for our developer customers.
- This year, we exceeded our Ofwat affordability target of 310,161 by 95,264, having supported 405,425 customers in 2024/25. (2023/24: 389,371 vs a target of 296,617)
  - Customers benefit from a range of affordability support, including payment breaks, concessionary tariffs, forgiveness schemes and temporary instalment plans.
  - This year we awarded £0.8 million from the Anglian Water Assistance Fund and matched £0.9 million of payments made by customers through our Back on Track Scheme.
- 14.7% of customers are now on our Priority Services Register (PSR) — exceeding our AMP7 target within the period and ahead of the scheduled end date.
- An independent survey, run by the Consumer Council for Water (CCW) across Water and Sewage Companies (WaSC) showed customers continue to be happy with our service.
  - 92% were happy with the colour and appearance of their tap water and 61% agreed our charges were fair, compared to WaSC industry averages of 91% and 54% respectively.
- Anglian Water bills will average at £1.72<sup>2</sup> per day by the end of March 2026 (£1.45 in 2024/25).
- Exceeded our final year target for Non-Household (NHH) Retailer satisfaction, achieving a score of 84.23 against a target of 79.1. This completes AMP7 with all annual performance commitments met or exceeded throughout the period.
- Drinking water in England and Wales is among the most tightly regulated globally, and protecting our customers' supply remains fundamental to our business.
  - In over 20 years, we had not faced a drinking water prosecution until May 2025, when we were fined £1.42 million for historic regulatory breaches relating to Materials in Contact.
  - Since these issues first came to light, we have significantly strengthened our management processes in this area, setting a recognised industry benchmark.

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<sup>2</sup> Correct at time of publication, however subject to change following CMA referral

- Importantly, there was no evidence of water supply contamination, and the court confirmed the risk to customers was very low.

### **Water resource management**

- Achieved an in-year leakage result of 187.0 megalitres a day. This produces a three-year rolling average of 186.5 and a 3.9% reduction from the three-year 2019/20 baseline period.
  - We are disappointed to be in penalty on this ODI, however we continue to have one of the industry's lowest levels of leakage and the levels of reduction we are targeting haven't been achieved before in the UK.
- Also achieved in-year Per Capita Consumption (PCC) performance of 123.9 litres per person per day. This gives us a three-year rolling average of 126.1 and a reduction of 6.6% from the 2019/20 three-year baseline period<sup>3</sup>.
  - This reduction is underpinned by our large-scale roll out of smart meters, customer-side leakage and ongoing behavioural change programme.
- In March we completed the installation of 1.1 million smart meters across our region, in an investment worth £153 million across the AMP.
  - This milestone, which saw us hit our AMP7 target ahead of time and means we remain on track to deliver smart meters across the entire region by 2030.

### **Supporting our people and partners**

- The health, safety and wellbeing of our people and those that work with us will always be a priority. Recognising the change in scale of our business and in conjunction with our people, in March 2024 we launched Safer Every Day - a clear, unified framework for Health, Safety and Wellbeing.
  - As part of the initiative, we have refreshed safety communications and on-site branding, including Safety Alerts, articles, site signage, and our Safety Charter, to create a more visible and consistent safety message.
  - We have commenced a two-year safety improvement programme, covering enhancements to our LIFE programme, standardised Personal Protective Equipment (PPE), and updated safety systems, policies, and procedures.
  - We are embedding a consistent, proactive safety culture across the organisation, making it simpler for employees and partners to prioritise safety in everything they do.
- We are one of the largest employers in the East of England, providing thousands of jobs across a wide range of roles, from engineering and environmental science to customer service and digital technology.
  - In June 2024 we launched a Green Skills Academy at the College of West Anglia in Wisbech. With the help and support of our alliance partners, we have contributed £2 million of partnership funding for this new Green Skills Academy, which will fund the training of 900 people in vital environmental skills over the next 20 years. The academy and its courses are expected to be up and running this year.

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<sup>3</sup> In its Draft Determination, Ofwat proposed adjustments to companies' PCC figures to reflect the impact of the Covid-19 pandemic, with lockdown and changes to working habits leading to an increase in water usage per person per day. This was an unforeseeable event and the PCL was set prior to Covid-19. This adjustment has been confirmed for 2024/25 and the adjusted figure is reported. Please refer to our Annual Performance Report for further information

- As we move into AMP8 we will be creating even more job opportunities through major infrastructure projects, network upgrades, and sustainability initiatives. This investment will not only support existing jobs but also open up new roles in emerging areas such as green innovation, renewable energy, and nature-based solutions.

**Executive remuneration**

- We recognise the recent statement made by Defra regarding the implementation of the Water (Special Measures) Act, which outlines that a number of water companies - including Anglian Water - are not permitted to pay executive bonuses this year due to environmental and customer performance.
  - Despite a 36% improvement in serious pollution performance, no bonuses will be paid to the retiring Executive Directors or the new CEO, Mark Thurston, this year.
  - Our forthcoming Annual Integrated Report, to be published on 15 July, details the outcome for executive remuneration in 2024/25.



## Principal risks and uncertainties

### Risk appetite

Risk appetite defines the opportunities and associated risks which Anglian Water is willing to accept in the pursuit of achieving its strategic objectives. These statements are used to drive risk-aware decision-making, by key business stakeholders.

We consider risks in relation to our strategic priorities and align these to our Principal Risk Areas. Underpinning each statement is a series of risk-appetite thresholds. These assist in providing a view on whether we are operating within our appetite, or whether additional risk mitigation may be required.

Anglian Water is exposed to a variety of uncertainties that could have a material adverse effect or impact on our financial condition, our operational performance, business resilience and/or reputation.

We have a structured approach to risk assessment, with the Board reviewing and challenging management's assessment of risk, together with the mitigation measures in place to manage principal risks in the context of our obligations to keep employees safe and provide an essential and efficient service to customers. The Board's assessment of risk determines what level of risk it is willing to accept, which helps senior management to understand the mitigating activities required to control risk likelihood and impact to acceptable levels.

For principal risks, we review the current risk level and how our controls provide confidence and assurance around our management of that risk. Where a gap exists between our current position and our mitigated aspiration, we instigate new or revised actions to close or reduce any risk gap.

Peer review and discussion at the Board or Executive Committee form the basis for establishing our overall principal risk status. There may be occasions when a higher level of risk is acceptable, but this is only in cases where the risks are well understood and can be demonstrably managed. The Board regularly reviews Anglian Water's internal controls and risk management processes, to support its decision making.

### Principal risks

The Board has a responsibility to disclose 'significant failings and weaknesses or areas of concern that have not been resolved by year end'. The Board's interpretation of this requirement is that there is a need to disclose any control failure or omission that, if unchecked, has the potential to result in significant financial, operational, or reputational damage to the business.

We carefully assess the principal risks facing us. These risks centre around the criticality of our infrastructure; the importance of our customers and our people, climate change and the environment, health and safety in our service delivery, cyber security, and our ability to finance our business appropriately. These are reported regularly to the Board, as set out below.

In addition to the principal risks, we also actively manage several low-level, business-stream risks, which feed into our principal risks. Principal risks are assessed by considering a combination of factors, including emerging risks and external threats.

We carry out horizon scanning annually, to identify any emerging risks that may impact the business. The scope, speed, impact and interdependence of risks are growing — creating further complexity, meaning we are also having to manage multiple events at a time.

We continue to experience a level of uncertainty, with global supply chain disruptions due to the ongoing war in Ukraine, the emerging trade and tariff disputes, regulatory uncertainty regarding future policies and regulations and extreme weather events such as high levels of rainfall. In response to our evolving risk profile, we have implemented additional controls and mitigating measures, to address and stabilise our risk position.

The principal risks and uncertainties that the business faces over the remainder of this financial year are listed below:

1. Customer proposition
2. Environment
3. Water supply and quality
4. Health and safety
5. People
6. Technology
7. Finance
8. Reputation
9. Asset infrastructure
10. Business resilience
11. Commercial and third-party
12. Strategic execution
13. Legislation

Further details of the principal risks and current risk profiles can be found in the Risk section of the Integrated Annual Report, which will be published in July.

## Financial performance

### Anglian Water Services Income statement



Year ended 31 March

	% increase/ (decrease)	2025 £m	2024 £m
Revenue (excl. grants and contributions)	8.6%	1,660.1	1,528.8
Grants and contributions	(8.8%)	89.2	97.8
Other operating income		16.8	15.8
Operating costs	2.8%	(846.1)	(822.9)
% of revenue		51.0%	53.8%
<b>EBITDA<sup>1</sup></b>	12.3%	<b>920.0</b>	<b>819.5</b>
Depreciation and amortisation	9.0%	(423.5)	(388.6)
% of revenue		25.5%	25.4%
<b>Operating profit</b>	15.2%	<b>496.5</b>	<b>430.9</b>
Margin		29.9%	28.2%
Interest (excluding indexation)		(221.5)	(187.6)
Indexation charge		(197.1)	(359.9)
Finance income		48.2	44.9
<b>Adjusted profit (loss) before tax<sup>1</sup></b>		<b>126.1</b>	<b>(71.7)</b>
Fair value gains on derivatives <sup>2</sup>		62.9	204.9
<b>Profit before tax</b>		<b>189.0</b>	<b>133.2</b>
Tax		(52.6)	(31.2)
<b>Profit after tax</b>		<b>136.4</b>	<b>102.0</b>

<sup>1</sup> As defined in note 6, financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures. The Group uses such measures for performance analysis because they provide additional useful information on the performance and position of the Group. Since the Group defines its own alternative performance measures, these might not be directly comparable to other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements, and have been consistently applied within each period presented in these financial statements.

<sup>2</sup> In order to show pre-tax performance based on management's view of an underlying basis, the fair value gains and losses on financial derivatives have been shown separately in the table because these are volatile non-cash movements that distort the actual underlying economic performance.

## Revenue

Revenue, excluding grants and contributions, for the year was £1,660.1 million (2024: £1,528.8 million), or an increase of £131.3 million (8.6%). The net increase in revenue is as a result of the following factors:

- The price increase for customers following the regulatory pricing formula, resulting in a £132.1 million increase. This is reflected in an average increase of 8.6% in dual-service bills.

**Anglian Water Services Limited**  
**Full year results for the year ended 31 March 2025**

- A net increase in demand of £1.8 million. Household consumption is up £1.3 million and non-household up £0.5 million, when compared with the prior year.
- Other offsetting movements in revenue of £2.6 million.

**Grants and contributions**

Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities for connecting new property developments to the water and sewerage network, and for work on existing infrastructure needed to accommodate development. 2024/25 has seen a reduction due to the decline in connecting new property development activity in which grants and contributions revenue is directly linked. This has resulted in a reduction in the year of £8.6 million to £89.2 million.

**Other operating income**

Other operating income comprises primarily external income from power generation, bio-solid sales to farms, rents received and various other non-core activities, this was consistent with prior years.

**Operating costs (including loss allowance for expected credit losses)**

Operating costs increased by £23.2 million (2.8%), to £846.1 million. The movement in operating costs is principally due to inflation and costs such as tankering, within Water Recycling Operational Logistics, and salary costs which have increased over and above inflation. These movements are explained in the table below:

	£m
<b>Prior period</b>	822.9
<b>Funded by Final Determination (FD)</b>	
Inflation	25.5
<b>Extreme Weather</b>	
Tankering and additional people cost	8.4
<b>Power</b>	(25.7)
<b>External/Government changes</b>	
Rates	5.2
Discharge Permits	6.0
<b>Other significant items</b>	
Loss allowance for expected credit losses	(1.1)
Above inflation salary increases	9.5
Reimbursed legal costs	(2.1)
Other	(2.5)
Total increase	23.2
<b>March 2025</b>	846.1

#### Inflation

The inflationary increases in our cost base formed part of the Final Determination and are therefore, whilst subject to a timing delay, funded through the inflationary increases in revenues.

#### Extreme weather

Our region experienced one of the wettest Q1's on record which resulted in extremely high level of rain in our waste water network. In order to minimise disruption to customers and the environment there was a significant increase in spend, particularly in hired vehicles and tankers as we helped to manage flooding in the region and in our network.

#### Power

The reduction in power reflects the general reduction seen in energy prices. Our proactive energy hedging approach enabled us to have flexibility in the most volatile and expensive market periods.

#### Rates and Discharge Permits

We saw increases in rates and discharge permits over and above inflation from the Local Authority and Environment Agency respectively.

#### Other significant items

Salaries have increased by £9.5 million, partly due to increased employee numbers and partly due to the agreed pay rise of 6.0% which was above CPIH of 2.9%.

#### **EBITDA**

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is defined in note 6 and is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 12.3% to £920.0 million, which is consistent with the effect of the increases described above.

#### **Depreciation and amortisation**

Depreciation and amortisation is up 9.0% to £423.5 million, primarily as a result of higher fixed asset balances as we construct and commission assets in line with our capital investment programme.

### Operating profit

Operating profit has increased by 15.2% to £496.5 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation.

### Financing costs and profit before tax

Adjusted net finance costs (excluding fair value gains on financial instruments) were £132.2 million lower than the prior year at £307.5 million. This is primarily a result of the non-cash impact of lower inflation on index-linked debt which decreased by £162.8 million to £197.1 million partially offset by interest burden on higher debt balances.

Fair value gains in the period, which are unrealised, non-cash items, are the result of decreases in derivative liability positions, primarily driven by forecast decreases in inflation rates and forecast increases in interest rates. Fair valuation movements on derivative valuations can be volatile depending on the market rates forecast at the time of reporting and do not have a crystallised economic impact to the business until the time of actual cash flow fixing.

The business is funded based on its embedded cost of debt and relative performance against the iBoxx index. As a result, these non-cash fair value gains and losses do not impact the immediate commercial performance of the business, Ofwat obligations or shareholder distributions during AMP7.

### Taxation

The tax charge for the period comprises:

	Year Ended 31 March 2025 £m	Year Ended 31 March 2024 £m
<b>Current tax:</b>		
In respect of the current period	(47.8)	(47.3)
Adjustments in respect of prior periods	25.6	(0.4)
<b>Total current tax credit</b>	<b>(22.2)</b>	<b>(47.7)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	96.7	82.8
Adjustments in respect of previous periods	(21.9)	(3.9)
<b>Total deferred tax charge</b>	<b>74.8</b>	<b>78.9</b>
<b>Total tax charge on profit on continuing operations</b>	<b>52.6</b>	<b>31.2</b>

Compared to the same period in the previous year, the total tax charge has increased by £21.4 million from a charge of £31.2 million to a charge of £52.6 million. This is mainly because profit before tax increased and there was a prior year charge from agreeing past tax returns, partly offset by a larger prior year credit from reversing a tax loss surrender to another group company in 2022/23.

In addition to the £52.6 million tax charge on the income statement, there is a charge of £16.7 million (2024: credit of £8.4 million) in the statement of other comprehensive income, in relation to tax on actuarial losses on pension schemes and fair value losses on cash flow hedges.

### **Distributions to the Parent Company**

The Directors have recommended not to pay a final dividend in relation to 2024/25. While there was capacity to pay a dividend - after taking account commitments to customers and other stakeholders and ensuring that it is able to finance its Appointed Business - the Directors felt it appropriate to defer this capacity at this time. This, along with the £500 million equity commitment into the wider group shows the long-term support of our shareholders.

An £88.6 million prior year final dividend was paid in the period. The base dividend was adjusted for a total of £51.1 million deduction to reflect service delivery for customers and the environment in 2023/24.

The Board has an approved dividend policy, under which dividend payments take account of a range of matters including free cash flow, service delivery for customers and the environment, current and future investment needs and financial resilience over the longer term.

### **Delivery of our AMP7 capital investment programme**

2024-25 was the final year in the five-year AMP7 investment programme. Delivery against this investment programme has remained strong with this year being our biggest to date with gross annual capital expenditure across the appointed business increasing from £963 million in 2023/24, to £1,081 million in 2024/25 (£424 million on capital maintenance, £657 million on capital enhancement).

This has resulted in a £760 million increase in property, plant and equipment and intangible assets, net of depreciation.

### **Financial needs and resources**

At 31 March 2025, Anglian Water had borrowings net of cash of £7,721.1 million (excluding the fair value of derivative financial instruments), an increase of £744.2 million from 31 March 2024. The increase in net borrowings primarily reflects accretion on index-linked debt, capital expenditure and interest payments. During the period, there were new issuances of £700 million 6.25% fixed rate 2044, £200 million bond tap on 5.75% fixed rate 2043 and a £50 million 6.05% fixed rate 2039. The funds were partially used to repay £75 million 3.666% RPI index-linked 2024, £100 million 1.588% fixed rate 2024 and £86.3 million EIB debt repayments.

### **Liquidity**

The Group's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. Daily cash management is undertaken to calculate cash position and dealing requirements, and weekly and monthly cash forecasts are prepared to demonstrate short/medium-

term liquidity, covenant compliance and to inform investment strategy. Regular meetings are held with cash forecasters, to understand cash variances and challenge latest forecasts. Consolidated cash forecasts are presented to the Finance, Treasury and Energy Policy Group on a regular basis.

The business generates operating cash flows to finance the day-to-day operations of the Group, liquidity risk therefore relates to the ability to attract debt and equity investment to fund the enhancement programme set out in Business Plan and refinance existing debt. Both the allowed return on investment and the recovery of RCV included within revenues give management comfort as to the long-term viability of the Group. In addition, management note Ofwat's statutory duty to ensure that the notional company is financeable. Management believe that to meet this duty the return for the notional company needs to be sufficient, to enable it to be able to access the necessary debt and equity to deliver its business plan - both over the current 5 year regulatory period but also into the future taking consideration the long term planning cycle to be able to maintain a strong investment grade credit rating throughout. This is in part why we have asked Ofwat to refer the PR24 Final Determination to the CMA as we do not believe this financeability requirement has been met for the notional company.

The Group has borrowing facilities of £1,382.5 million (2024: £1,450.0 million). On 11 June 2025 the Group received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new 3-year facility totalling £900 million.

### **Interest rates**

The company's policy, as agreed by the Board, is to achieve a balanced mix of funding to inflation-linked, fixed and floating rates of interest. At 31 March 2025, taking into account interest rate swaps, 55.8% (March 2024: 60.5%) of the company's borrowings were at rates indexed to inflation, 31.9% (March 2024: 28.4%) were at fixed rates and 12.3% (March 2024: 11.1%) were at floating rates. At 31 March 2025, the proportion of inflation debt to regulated capital value was 44.8% (March 2024: 47.3%).

### **Pension funding**

At 31 March 2025, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £89.3 million, compared to £30.7 million at 31 March 2024. This decrease in surplus reflects a decrease in the scheme's liabilities resulting from an increase in the corporate bond rate used to discount those liabilities on an accounting basis compared to a greater decrease in our assets which are hedging gilt based liabilities.



Anglian Water Services Limited  
Group income statement  
for the year ended 31 March 2025

Notes

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
<b>Revenue</b>	<b>1,749.3</b>	1,626.6
Other operating income	<b>16.8</b>	15.8
Operating costs		
Operating costs before depreciation, amortisation and loss allowance for expected credit losses	<b>(809.8)</b>	(784.2)
Depreciation and amortisation	<b>(423.5)</b>	(388.6)
Loss allowance for expected credit losses	<b>(36.3)</b>	(38.7)
Total operating costs	<b>(1,269.6)</b>	(1,211.5)
<b>Operating profit</b>	<b>496.5</b>	430.9
Finance costs	<b>(418.6)</b>	(547.5)
Finance income, including fair value gains on derivative financial instruments	<b>111.1</b>	249.8
3 Net finance costs	<b>(307.5)</b>	(297.7)
Profit before tax from continuing operations		
Gains/ (losses) before fair value gains on derivative financial instruments <sup>1</sup>	<b>126.1</b>	(71.7)
Fair value gain on derivative financial instruments	<b>62.9</b>	204.9
<b>Profit before tax from continuing operations</b>	<b>189.0</b>	133.2
4 Tax charge	<b>(52.6)</b>	(31.2)
<b>Profit for the year from continuing operations</b>	<b>136.4</b>	102.0

<sup>1</sup> As defined in note 6

Anglian Water Services Limited  
Group statement of comprehensive income  
for the year ended 31 March 2025

		Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Notes			
	<b>Profit for the year</b>	<b>136.4</b>	102.0
	<b>Other comprehensive expense</b>		
	<b>Items that will not be reclassified to income statement</b>		
	Actuarial gains/(losses) on retirement benefit	<b>29.1</b>	(25.8)
4	Income tax on items that will not be reclassified	<b>(7.3)</b>	6.5
		<b>21.8</b>	(19.3)
	<b>Items that may be reclassified subsequently to income statement</b>		
	Gains/(losses) on cash flow hedges recognised in equity	<b>23.3</b>	(36.5)
	Losses on cost of hedging recognised in equity	<b>(3.9)</b>	(2.7)
	Gains on cash flow hedges transferred to income statement	<b>18.2</b>	32.3
4	Income tax on items that may be reclassified	<b>(9.4)</b>	1.9
		<b>28.2</b>	(5.0)
	<b>Other comprehensive income/(expense) for the year, net of tax</b>	<b>50.0</b>	(24.3)
	<b>Total comprehensive income for the year</b>	<b>186.4</b>	77.7

Anglian Water Services Limited  
Group balance sheet  
as at 31 March 2025

	At 31 March 2025 £m	At 31 March 2024 £m
<b>Non-current assets</b>		
Intangible assets	317.3	256.6
Property, plant and equipment	12,114.2	11,414.7
Derivative financial instruments	168.3	233.1
Retirement benefit surplus	115.9	61.5
	<b>12,715.7</b>	<b>11,965.9</b>
<b>Current assets</b>		
Inventories	20.9	17.9
Trade and other receivables	658.2	621.4
Investments - cash deposits	430.0	530.0
Cash and cash equivalents	589.0	474.4
Derivative financial instruments	0.9	0.9
	<b>1,699.0</b>	<b>1,644.6</b>
<b>Total assets</b>	<b>14,414.7</b>	<b>13,610.5</b>
<b>Current liabilities</b>		
Trade and other payables	(701.4)	(717.2)
Current tax liabilities	(54.0)	(76.2)
Borrowings	(704.5)	(453.8)
Derivative financial instruments	(8.3)	(92.8)
Provisions	(4.4)	(4.4)
	<b>(1,472.6)</b>	<b>(1,344.4)</b>
<b>Net current assets</b>	<b>226.4</b>	<b>300.2</b>
<b>Non-current liabilities</b>		
Borrowings	(8,035.6)	(7,527.5)
Derivative financial instruments	(781.6)	(796.5)
Deferred tax liabilities	(1,693.3)	(1,601.8)
Retirement benefit deficit	(26.6)	(30.8)
Provisions	(3.2)	(5.5)
	<b>(10,540.3)</b>	<b>(9,962.1)</b>
<b>Total liabilities</b>	<b>(12,017.3)</b>	<b>(11,306.5)</b>
<b>Net assets</b>	<b>2,401.8</b>	<b>2,304.0</b>

*Continued on the next page.*

Anglian Water Services Limited  
Group balance sheet (continued)  
as at 31 March 2025

	At 31 March 2025 £m	At 31 March 2024 £m
<b>Capital and reserves</b>		
Share capital	32.0	32.0
Share premium	1,165.0	1,165.0
Retained earnings	1,162.1	1,092.5
Hedging reserve	46.0	14.9
Cost of hedging reserve	(3.3)	(0.4)
<b>Total equity</b>	<b>2,401.8</b>	<b>2,304.0</b>

Anglian Water Services Limited  
Group statement of changes in equity  
for the year ended 31 March 2025

Notes	Stated capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
At 1 April 2023	32.0	1,165.0	1,089.7	17.8	1.7	2,306.2
Profit for the year	-	-	102.0	-	-	102.0
Other comprehensive income/(expense)						
Actuarial losses on retirement benefit obligations	-	-	(25.8)	-	-	(25.8)
Income tax credit on items that will not be reclassified	-	-	6.5	-	-	6.5
Losses on cash flow hedges	-	-	-	(36.5)	-	(36.5)
Losses on cost of hedging relationships	-	-	-	-	(2.7)	(2.7)
Amounts on cash flow hedges transferred to income statement	-	-	-	32.3	-	32.3
Deferred tax movement on hedging reserves	-	-	-	1.3	0.6	1.9
	-	-	(19.3)	(2.9)	(2.1)	(24.3)
Total comprehensive income/(expense)	-	-	82.7	(2.9)	(2.1)	77.7
Dividends	-	-	(79.9)	-	-	(79.9)
At 31 March 2024	32.0	1,165.0	1,092.5	14.9	(0.4)	2,304.0
Profit for the year	-	-	136.4	-	-	<b>136.4</b>
Other comprehensive income/(expense)						
Actuarial gains on retirement benefit obligations	-	-	29.1	-	-	<b>29.1</b>
Income tax charge on items that will not be reclassified	-	-	(7.3)	-	-	<b>(7.3)</b>
Gains on cash flow hedges	-	-	-	23.3	-	<b>23.3</b>
Losses on cost of hedging relationships	-	-	-	-	(3.9)	<b>(3.9)</b>
Amounts on cash flow hedges transferred to income statement	-	-	-	18.2	-	<b>18.2</b>
Deferred tax movement on hedging reserves	-	-	-	(10.4)	1.0	<b>(9.4)</b>
	-	-	21.8	31.1	(2.9)	<b>50.0</b>
Total comprehensive income/(expense)	-	-	158.2	31.1	(2.9)	<b>186.4</b>
Dividends	-	-	(88.6)	-	-	<b>(88.6)</b>
<b>At 31 March 2025</b>	<b>32.0</b>	<b>1,165.0</b>	<b>1,162.1</b>	<b>46.0</b>	<b>(3.3)</b>	<b>2,401.8</b>

Anglian Water Services Limited  
Cash flow statement  
for the year ended 31 March 2025

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
<b>Operating activities</b>		
Operating profit	496.5	430.9
Adjustments for:		
Depreciation and amortisation	423.5	388.6
Assets adopted for £nil consideration	(34.0)	(48.2)
Profit on disposal of property, plant and equipment	-	(1.5)
Difference between pension charge and cash contributions	(27.3)	(3.2)
Net movement in provisions	(2.4)	(1.6)
Working capital:		
(Increase)/decrease in inventories	(3.0)	2.7
Increase in trade and other receivables	(39.6)	(62.8)
Increase/(decrease) in trade and other payables	(2.4)	62.2
<b>Net cash flows from operating activities</b>	<b>811.3</b>	<b>767.1</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(960.1)	(942.9)
Purchase of intangible assets	(109.6)	(51.4)
Proceeds from disposal of property, plant and equipment	1.5	2.0
Interest received	46.1	42.5
(Increase)/decrease in short-term bank deposits	100.0	(232.0)
<b>Net cash used in investing activities</b>	<b>(922.1)</b>	<b>(1,181.8)</b>
<b>Financing activities</b>		
Interest paid	(235.8)	(224.3)
Debt issue costs paid	(25.6)	(15.2)
Interest paid on leases	(1.0)	(1.1)
Proceeds from amounts borrowed	950.0	1,379.5
Repayment of amounts borrowed	(349.3)	(487.1)
Repayment of principal on derivatives	(85.0)	(11.5)
Receipt of principal on derivatives	67.1	-
Repayment of principal on leases	(6.4)	(6.4)
Dividends paid	(88.6)	(79.9)
<b>Net cash from financing activities</b>	<b>225.4</b>	<b>554.0</b>
<b>Net increase in cash and cash equivalents</b>	<b>114.6</b>	<b>139.3</b>
<b>Cash and cash equivalents at 1 April</b>	<b>474.4</b>	<b>335.1</b>
<b>Cash and cash equivalents at 31 March</b>	<b>589.0</b>	<b>474.4</b>

<sup>(1)</sup>Excluding movement in capital creditors which is presented in investing activities.

## **1. Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all of the years presented and are applicable to both Group and Company. The financial information in this statement does not constitute the Company's statutory accounts for the years ended 31 March 2025 or 2024 but is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies, and those for 2025 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

### **a) Basis of accounting**

The Group and Company financial statements have been prepared (in accordance with section 474(1) of the Companies Act 2006) under international accounting standards which are adopted for use within the United Kingdom by virtue of Chapter 2 or 3 of Part 2 of the International Accounting Standards.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value. The preparation in financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Adjusted profit before tax excludes the fair value gains and losses arising on derivative financial instruments and energy derivatives that the group holds as economic hedges. These introduce volatility into the accounts due to the present value of future cash flows, which management believes is not representative of the underlying operational performance of the business. Alternative performance measures are defined in note 6.

### **b) Basis of preparation**

#### **Going concern**

The Directors have undertaken a detailed review to assess the liquidity requirements of the Group compared against the cash and facilities available to the Group, as detailed below.

The Directors have considered the potential impacts of the current market volatility and uncertainties within the sector in relation to the PR24 referral to the CMA, and on-going regulatory investigations.

The base forecast, which has been updated for the latest internal and external information and is aligned to the Final Determination from Ofwat has been subjected to a range of severe but plausible downside scenarios as noted below.

**1. Accounting policies (continued)**

**b) Basis of preparation (continued)**

The business generates operating cash flows to finance the day-to-day operations of the Group. In order to fund the capital programme the business requires external investment in the form of both debt and equity and both a depreciation charge and fair return on investment are included in the allowed revenues that the Company charges to customers.

In February the business requested that Ofwat refer its PR24 Final Determination to the CMA on the basis that the Company does not believe the FD strikes an appropriate balance of risk and return for the notional company capable of attracting the level of investment needed to deliver the growth set out in the plan. Given Ofwat's statutory duty to ensure that an efficient notional company is financeable we believe that the CMA will ensure that the redetermination is set such that investors will continue to invest in the sector. As Anglian maintains an efficient structure which benefits from our Whole Business Securitisation, our actual gearing structure and covenants see more headroom than for the notional structure.

Management note that the outcome of the CMA appeal will fall substantially outside of the going concern assessment period.

In assessing Going Concern the Directors have considered a number of perspectives, including liquidity and debt covenants and tested these against both the base scenario and the three downside scenarios.

- Liquidity – AWS holds sufficient liquidity to cover the going concern period even under the most severe downside scenario.
- Debt covenants – The business has significant headroom against Default Events (where class A interest cover ratio is less than 1.6:1) under its securitised covenants with no plausible scenario identified that would cause an Event of Default.

**Assessment period**

Management have considered the appropriate assessment period taking into account all available information. Whilst there is an on-going requirement to raise debt over the longer term to fund our growing investment programme, this is part of our business model and management are confident in our ability to raise debt given our proven track record and strong credit ratings. Therefore, management do not believe there to be a need to extend the period any further than 12 months.

**Liquidity**

Included within the £1,382.5 million of facilities at 31 March 2025 are facilities totalling £375.0 million due for renewal in March 2026 and £575.0 million due for renewal in June 2026 which is within the 12-month period assessed for going concern purposes. On 11 June 2025 the Group received formal commitment from lenders for a new 3 year facility totalling £900 million. The Group has sufficient liquidity within the assessment period.



**1. Accounting policies (continued)**  
**b) Basis of preparation (continued)**

**Debt covenants**

Anglian Water Services Limited has a single debt platform (sometimes known as a “common terms” or “CTA” debt platform) that has been structured so as to align with, and enhance, the regulatory protections contained in the Water Industry Act 1991 and Anglian Water’s Licence (an “Aligned Debt Programme”). Aligned Debt Programmes operate on a single covenant package and shared security and intercreditor arrangement that binds all debt providers.

The CTA introduces two terms, a Trigger Event and an Event of Default. The intention of a Trigger Event is that it is an early warning event designed to reinforce credit worthiness and to protect the Company and its finance creditors from an Event of Default occurring and consequently it is not considered to be a going concern event. It does not enable creditors to destabilise the Company through enforcing their security.

**Sensitivity**

We have identified three stretching scenarios to stress test our base forecast. These scenarios, low, medium and severe focus on the impact of the cost-of-living crisis and higher unemployment, the impacts of lower inflation and higher interest rates due to market uncertainty particularly within the sector, as well as specific risks to the business, such as cyber-attacks, the planned migration to our new ERP system, uncertainty associated with our price determination for AMP8 and increased costs/reduced revenue due to adverse weather events.

Given our ability to access capital markets, management do not believe the downside testing, whilst causing additional cash outflows, would have significant liquidity impacts. If Debt markets were to be closed for a time the business would utilise facilities which are currently being renewed.

While the medium and worst-case scenarios indicate the potential for a Trigger Event in relation to interest cover ratio covenants, the Directors do not consider this possibility to constitute a material uncertainty related to going concern. As noted, a Trigger Event is not considered a going concern event and whilst it would result in dividend lock-up and prevent the business from raising new debt we have sufficient liquidity during the going concern period in this event even when including planned debt repayments as a trigger event does not prohibit the renewal of bank facilities that expire in the going concern period.

For these reasons, the Directors believe it appropriate to continue to adopt the going concern basis in preparing the financial statements.

**2. Segmental information**

The Directors believe that the whole of the Group’s activities constitute a single class of business. The Group’s revenue is wholly generated from within the United Kingdom.

Anglian Water Services Limited  
Notes to the financial statements (continued)  
for the year ended 31 March 2025

**3. Net finance costs**

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
<b>Finance costs</b>		
Interest expense on bank loans and overdrafts	(12.8)	(12.8)
Interest expense on other loans including financing expenses	(287.2)	(241.8)
Indexation <sup>(1)</sup>	(197.1)	(359.9)
Amortisation of debt issue costs	(4.5)	(2.9)
Interest on leases	(1.0)	(1.1)
Unwinding of discount on provision	(0.1)	(0.1)
Total finance costs	(502.7)	(618.6)
Less: amounts capitalised on qualifying assets	84.1	71.1
	(418.6)	(547.5)
<b>Finance income</b>		
Interest income on short-term bank deposits	46.1	42.5
Defined benefit pension scheme interest	2.1	2.4
	48.2	44.9
<b>Fair value gains on derivative financial instruments</b>		
Hedge ineffectiveness on fair value hedges <sup>(2)</sup>	1.2	1.9
Derivative financial instruments not designated as hedges	64.2	207.8
Recycling of de-designated cash flow hedge relationship	(2.5)	(4.8)
	62.9	204.9
<b>Finance income, including fair value gains on derivative financial instruments</b>	111.1	249.8
<b>Net finance costs</b>	(307.5)	(297.7)

<sup>(1)</sup> Indexation comprise of £123.9 million in borrowings (2024: £229.9 million) and £73.2 million in derivatives (2024: £130.0 million).

<sup>(2)</sup> Hedge ineffectiveness on fair value hedges comprises fair value gains on hedging instruments of £14.0 million (2024: loss of £22.5 million), offset by fair value losses of £12.8 million on hedged risks (2024: gains of £24.4 million).

#### 4. Taxation

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
<b>Current tax:</b>		
In respect of the current period	(47.8)	(47.3)
Adjustments in respect of prior periods	25.6	(0.4)
<b>Total current tax credit</b>	<b>(22.2)</b>	<b>(47.7)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	96.7	82.8
Adjustments in respect of previous periods	(21.9)	(3.9)
<b>Total deferred tax charge</b>	<b>74.8</b>	<b>78.9</b>
<b>Total tax charge on loss on continuing operations</b>	<b>52.6</b>	<b>31.2</b>

The current tax credit for both years reflects receipts from other Group companies for losses surrendered to those Group companies. The tax losses arise mainly because capital allowances exceed the depreciation charged in the accounts, as well as some income not being taxable and the availability of tax relief on pension contributions paid in the year. This is offset by disallowable costs and interest.

The deferred tax charge for this year mainly reflects capital allowances claimed in excess of the depreciation charge, a charge on the fair value gains on derivatives, offset by a credit on losses carried forward to future years.

The current and deferred tax adjustments in respect of previous periods for both years relate mainly to the agreement of prior year tax computations. In the current year, a decision was made for the year ended 31 March 2023, not to surrender losses from this company to another Group company under the Group relief provisions of part 5 of the Corporation Taxes Act 2010. This gave rise to a current tax charge and a deferred tax credit, although the amounts were different due to the different rates for current tax and deferred tax in that year.

The amounts included for tax liabilities in the financial statements include estimates and judgements. If the computations subsequently submitted to HMRC include different amounts then these differences are reflected as an adjustment in respect of prior years in the subsequent financial statements.

#### 4. Taxation (continued)

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a legislative framework, followed by detailed guidance sets, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. The United Kingdom enacted the tax legislation related to the top-up tax in July 2023 in the Finance Act and the legislation is effective in the UK for periods commencing on or after 1 January 2024. In addition, amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules' were endorsed by the UK Endorsement Board on 19 July 2023 and the exception from recognition and disclosures of deferred taxes in this regard as required by IAS 12.4A has been taken. The legislation is not expected to have a significant impact on financial statements.

The tax charge on the Group's profit before tax differs from the notional amount calculated by applying the rate of UK corporation tax of 25% (2024: 25%) to the profit before tax from continuing operations as follows:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Profit before tax from continuing operations	189.0	133.2
Profit before tax from continuing operations at the standard rate of corporation tax in the UK of 25% (2024:25%)	47.3	33.3
Effects of recurring items:		
Depreciation and losses on assets not eligible for tax relief	1.1	1.2
Disallowable expenditure	0.5	1.0
	48.9	35.5
Effects of non-recurring items:		
Adjustments in respect of prior periods	3.7	(4.3)
<b>Tax charge for the year</b>	<b>52.6</b>	<b>31.2</b>

In addition to the tax charged to the income statement, the following amounts of tax relating to components of other comprehensive income were recognised:

	Year ended 31 March 2024 £m	Year ended 31 March 2024 £m
<b>Deferred tax:</b>		
Defined benefit pension schemes	7.3	(6.5)
Cash flow hedges	9.4	(1.9)
<b>Total deferred tax credit</b>	<b>16.7</b>	<b>(8.4)</b>
<b>Total tax credit recognised in other comprehensive income</b>	<b>16.7</b>	<b>(8.4)</b>

## 5. Dividends

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Paid by the Group:		
Previous year final dividend	88.6	79.9
	<b>88.6</b>	<b>79.9</b>

The Directors have recommended not to pay a final dividend in relation to 2024/25.

During the year ended 31 March 2025, dividends of £88.6 million (£2.77 per share) were paid by the Company to its immediate parent undertaking, Anglian Water Services UK Parent Co Limited (2024: £79.9 million at £2.50 per share).

## 6. Alternative performance measures

Financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures. The Group uses such measures for performance analysis because they provide additional useful information on the performance and position of the Group. Since the Group defines its own alternative performance measures, these might not be directly comparable to other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements and have been consistently applied within each year presented in these financial statements.

### a) EBITDA

Calculated as profit before net finance costs, tax, depreciation, and amortisation to give a measure of the company's overall financial performance. Each element of this APM is shown on the face of the income statement.

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>£m</b>	<b>£m</b>
<b>EBITDA</b>	<b>920.0</b>	819.5
Net finance costs	(307.5)	(297.7)
Tax charge	(52.6)	(31.2)
Depreciation & amortisation	(423.5)	(388.6)
Profit for the period	<b>136.4</b>	102.0

**6. Alternate performance measures (continued)**

b) Adjusted finance costs

Calculated as net finance costs excluding fair value gains on derivative financial instruments. These fair value gains are volatile, non-cash movements that distort the actual underlying economic performance.

	<b>Group</b>	
	<b>2025</b>	2024
	<b>£m</b>	£m
<b>Adjusted finance costs</b>	<b>(370.4)</b>	(502.6)
Fair value gains on derivative financial instruments	<b>62.9</b>	204.9
Net Finance costs, including fair value gains on derivative financial instruments	<b>(307.5)</b>	(297.7)

c) Adjusted profit before tax/Profit before fair value gains

Calculated as profit before tax excluding fair value gains/(losses) on derivative financial instruments. The calculation is shown on the face of the income statement. These fair value gains/(losses) are volatile, non-cash movements that distort the actual underlying economic performance.

	<b>Group</b>	
	<b>2025</b>	2024
	<b>£m</b>	£m
<b>Adjusted profit before tax/Profit before fair value gains</b>	<b>126.1</b>	(71.7)
Tax charge	<b>(52.6)</b>	(31.2)
Fair value gains on derivative financial instruments	<b>62.9</b>	204.9
Profit for the period	<b>136.4</b>	102.0

d) Adjusted net debt

Adjusted net debt comprises borrowings, net cash and cash equivalents, and derivative financial instruments (excluding those in respect of fair value energy hedges). This measure is used because it provides additional useful information in respect of the financing of the business.

See note 16 and below.

	<b>Group</b>	
	<b>2025</b>	2024
	<b>£m</b>	£m
Net cash and cash equivalents	<b>589.0</b>	474.4
Current asset investments	<b>430.0</b>	530.0
Borrowings	<b>(8,740.1)</b>	(7,981.3)
Net debt excluding derivatives	<b>(7,721.1)</b>	(6,976.9)
Derivatives	<b>(620.7)</b>	(655.3)
Less: energy derivatives	<b>0.7</b>	21.3
Adjusted net debt	<b>(8,341.1)</b>	(7,610.9)

**6. Alternate performance measures (continued)**

e) Interest cover

Interest cover is the ability of the Company to pay interest of on its outstanding debt out of operating cash flows. The table below shows the operating cash value less RCV depreciation, compared to the net interest paid during the year to show the interest cover.

	<b>Group</b>	
	<b>2025</b>	2024
	<b>£m</b>	£m
Operating cash	<b>811.3</b>	767.1
RCV run off	<b>(501.5)</b>	(475.2)
	<b>309.8</b>	291.9
Interest cash	<b>(180.2)</b>	(181.8)
Interest cover	<b>(1.7)</b>	(1.6)

f) Capital investment

Capital investment is the total property, plant, and equipment, and intangibles additions less capitalized interest, adopted assets, and capital additions in the non-appointed business. This is used as a measure to help us monitor how we are achieving our Business Plan commitments.

	<b>Group</b>	
	<b>2025</b>	2024
	<b>£m</b>	£m
Property, plant and equipment additions	<b>1,067.5</b>	1,044.0
Intangible assets addition	<b>117.5</b>	58.2
Capitalised interest	<b>(84.1)</b>	(71.0)
Adopted assets	<b>(34.0)</b>	(48.2)
Non-appointed business	<b>(1.0)</b>	(1.3)
Items shown as stock	<b>14.7</b>	(18.3)
<b>Capital investment</b>	<b>1,080.6</b>	963.4

Anglian Water Services Limited  
Notes to the financial statements (continued)  
for the year ended 31 March 2025

**6. Alternate performance measures (continued)**

g) Free cash flow

Free cash flow is used in determining cash conversion and is calculated as cash from operating activities, less net interest of cash deposits, less capital maintenance.

	<b>Group</b>	
	<b>2025</b>	2024
	<b>£m</b>	£m
Operating cash	<b>811.3</b>	767.1
Interest on cash	<b>(180.2)</b>	(181.8)
Less: net interest income excluded under CTA	<b>(13.5)</b>	(17.6)
Capital maintenance	<b>(424.0)</b>	(341.0)
<b>Free cash flow</b>	<b>193.6</b>	226.7

**7. Post Balance Sheet Events**

The Directors have recommended not to pay a final dividend in relation to 2024/25. Whilst there was capacity to pay a dividend after taking account commitments to customers and other stakeholders and ensuring that it is able to finance its Appointed Business, the Directors felt it appropriate to defer this capacity at this time.

On 23 May 2025, the ultimate shareholders of the Anglian Water Group provided unconditional and legally binding commitments to inject £500m into the Anglian Water Group, pro-rata to their current shareholdings. £300m will be provided by early September 2025 and paid down the group structure to Anglian Water (Osprey) Financing plc (the borrowing entity at Midco which also includes Osprey Acquisitions Limited), where it will be used to repay a £240m bond which matures in March 2026, as well as repayment of drawn bank revolving credit facilities. The remaining £200m balance of shareholder funding will be provided to the Group by early June 2026, when we plan to cycle the funds down the group structure to Aigrette Financing (Issuer) plc, the unrated Topco borrowing entity, where it will be used to repay £200m of bank loans maturing in mid-June 2026.

On 11 June 2025 the Group received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new 3-year facility totalling £900 million.

Other than the above there have been no events between the balance sheet date, and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.