

3 December 2025

Chief Executive Officer, Mark Thurston, commented:

“Over the past 18 months we have focused on delivering our turnaround plan, which is built on discipline, delivery and doing the right thing for our customers and the environment. That focus has translated into tangible improvements across our operational performance and financial results. We’re seeing clear momentum as we strengthen the foundations of our business and build for the long term.

“In the first six months of AMP8 (April to September 2025), revenue increased by 21.1%, reflecting regulatory price changes and higher household demand. This strong performance is enabling us to invest over and above our profit and thereby push ahead with our largest ever capital programme, focused on delivering long-term benefits for customers and the region. Capital investment during the period was 141% of operating profit and 107% of operating cash flow, clearly demonstrating the scale of reinvestment being made to enhance services and infrastructure.

“This period has been one of action as well as accountability. We have improved how our networks perform in heavy rain, strengthened water quality controls, and accelerated progress on the long-term schemes needed to support our fast-growing region. These efforts are beginning to deliver visible results.

“We have also made strong progress in key areas such as water recycling, tackling internal and external flooding, and reducing blockages, all of which contribute to better environmental outcomes. This progress was recognised in Ofwat’s 2024/25 Water Company Performance Report, where we moved from “Lagging” to “Average” performance after two years in the lower tier. The Environment Agency also maintained our two-star rating in its annual Environmental Performance Assessment. With more stringent standards in place maintaining that rating reflects our underlying improvement and positions us well to pursue our target of four stars in AMP8.

“On wastewater, we accepted Ofwat’s final enforcement decision and are now delivering a shareholder-funded programme to reduce excess flows and improve performance. This includes plans in at least eight catchments, earlier delivery of priority assets, and a new £5.8m Community Fund for local environmental projects.

“While these results show real progress, we know there is more to do. Our recent performance has not yet reached the standard we or our customers expect. However, we have already made significant changes across our business, investing in new technologies and ways of working to reduce pollution and drive sustained improvement. We recognise that lasting change takes time, but are confident the steps we are taking now mark an important turning point in that journey.

“The conclusions from the Cunliffe Review marks a pivotal moment for the sector’s future. With the right regulatory foundations, our sector can unlock a once-in-a-generation programme of investment, growth and innovation, which spans multiple AMPs. We fully support the vision for a stable, long-term framework that attracts private capital, delivers for customers and communities, and drives regional and national renewal. Here in the East of England, where the opportunities and challenges are clear, we stand ready to play a leading role in turning that vision into reality.

Anglian Water Services Limited

Half-yearly results for the six months ended 30 September 2025 (continued)

“The CMA published its provisional redetermination of our business plan for AMP8 on 9 October. The review proposed a 1.2% increase in allowed revenue, reflecting a higher weighted average cost of capital of 4.29%, partly offset by a 0.8% reduction in allowed totex. It also included adjustments to certain performance commitments and ODIs. Following this, we submitted our response on 11 November, addressing the approach to base cost modelling and seeking further consideration of the cost of capital, asset health funding and performance stretch.

“We have started AMP8 strongly, and we intend on maintaining this momentum for the remainder of the year, and beyond. With customers at the heart of every decision, we will keep driving down spills and pollutions; gear up for delivery of our two new reservoirs; and secure a good outcome at the CMA Final Redetermination.

Results presentation and Q&A

Join us for an online presentation of our half-year results:

- 14:00 – 15:00 (GMT), Wednesday 3 December – online with live Q&A

The slides and recording will be made available on our [website](#) shortly afterwards.

Financial results:

	6 months to 30 Sept 2025	6 months to 30 Sept 2024	Change	Change
	£million	£million	£million	%
Revenue	1,090.2	900.3	189.9	21.1%
EBITDA*	623.3	490.2	133.1	27.2%
Operating profit	387.7	283.1	104.6	36.9%
Capital investment*	547.3	528.5	18.8	3.6%
Operating cash flow	512.6	375.3	137.3	36.6%
Net debt before derivatives*	8,085.3	7,440.8	644.5	8.7%

* 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, Capital investment and Net debt excluding derivatives are alternative performance measures as defined in note 18.

Anglian Water Services Limited

Half-yearly results for the six months ended 30 September 2025 (continued)

Financial highlights:

Revenue

- Up £189.9 million (21.1%) primarily due to price increases as set out in the Final Determination from Ofwat representing a £159.7 million increase. Household consumption was also up by £11.8 million with the warmer drier summer leading to an increase in demand in the first half of the year.

EBITDA

- Up £133.1 million (27.2%) with revenue growth being partially offset by higher prices due to inflation, as well as higher National Insurance and waste water tankering.

Operating profit

- Up £104.6 million (36.9%), due to strong EBITDA offset slightly by increased depreciation as we continue to invest heavily in our infrastructure.

Capital investment

- Up by £18.8 million (3.6%) with delivery against the investment programme remaining strong with gross capital expenditure increasing from £528.5 million in the six months to 30 September 2024, to £547.3 million in the six months to September 2025. Capital investment during the period was equivalent to 141% of operating profit and 107% of operating cash flow, highlighting the extent of reinvestment being made to enhance services and infrastructure.

Operating cash flow

- Up £137.3 million (36.6%), reflecting strong EBITDA. Operating cash is typically lower than EBITDA in the first half of the year due to the timing of payments and receipts as well as non-cash adopted assets included in revenue.

Net debt

- The £644.5 million (8.7%) increase in net borrowings, excluding the fair value of derivatives, primarily reflects continuing investment in our capital programme and the indexation on inflation-linked debt.

Dividends

- The Directors have recommended an interim dividend of £75 million be paid, further details can be found in note 19.

Anglian Water Services Limited

Half-yearly results for the six months ended 30 September 2025 (continued)

Reconciliation of operating profit to statutory profit before tax

	Half-year ended 30 September 2025 £million	Half-year ended 30 September 2024 £million
Operating profit	387.7	283.1
Interest excluding indexation	(129.6)	(96.4)
Indexation on debt	(126.1)	(101.2)
Finance income	19.9	21.7
Adjusted profit before tax (as defined in note 18)	151.9	107.2
Fair value (loss) / gain on derivatives	(27.6)	18.1
Statutory profit before tax	124.3	125.3

Statutory profit has decreased by £1.0 million, mainly due to the fair value loss on derivatives combined with the increase in indexation of debt and interest charge. The fair value loss in the period is an unrealised, non-cash item. This is as a result of increases in derivative liability positions, primarily driven by forecast increases in inflation 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 above commentary provides a high-level summary of the movements in the table above. More comprehensive commentary can be found on pages 9-15.

Delivery and Operational highlights

Maintaining a strong financial position

- Our shareholders committed £500 million of new equity to the Anglian Water Group, with £300 million received in September, demonstrating continued confidence in the business. The remaining £200 million is due in June 2026.
- In November, we successfully completed a £720 million OpCo sterling public bond issuance, comprising of £420 million (8-year) and £300 million (16-year) tranches.
- On 5 November 2025, Ofwat published the Monitoring Financial Resilience Report 2024-25, which moved Anglian Water from 'Standard' to 'Enhanced' monitoring.
 - This reflects factors such as the increase in AWS gearing from 68.9% to 71.8% year-on-year, and the credit rating actions taken by Moody's (A3 to Baa1) and S&P (A- to BBB flat) in February 2025.
 - Reducing our gearing is part of our plan for AMP8. Our shareholders committed additional funding, and we publicly set out [a plan](#) to reduce gearing to approximately 65% by March 2030.
 - This plan, already in place before Ofwat's report, is designed to address the factors stated by Ofwat in its decision to move Anglian Water into the 'Enhanced' monitoring category.

CMA Redetermination and Cunliffe Review

- In our response to the CMA we have urged them to reflect the critical importance of asset health in the final determination, while highlighting inconsistencies between reduced base cost allowances and the CMA's own recognition of the issue.
- We have also requested the removal of the 0.4% CPIH–CPI wedge, further adjustments to the cost of equity and a review of funding for our phosphate-removal programme. The next steps remain uncertain, with the possibility of further consultation before the CMA issues its final determination, due by 17 March 2026.
- The Cunliffe Review sets out a clear vision for a stable, investable water sector capable of underpinning national economic renewal and regional growth.
- £104 billion of planned investment across the sector during AMP8 represents the first phase of a multi-decade programme to deliver major infrastructure, support new towns, and create skilled jobs across the UK.
- A stable and proportionate regulatory framework is essential to attract the long-term private capital needed to fund this investment while maintaining affordable bills for customers.
- Our region offers a unique proving ground for this new approach to regulation, with rapid population growth, increasing climate pressures and national economic significance.
- We support the rapid implementation of key Cunliffe reforms, including the establishment of the Shadow Regulator, to provide early clarity and rebuild investor confidence.
- Moving to a more regionally focused, supervisory regulatory model will enable better environmental outcomes, stronger asset health and improved customer service over the long term.

Environmental performance

- Performance across water recycling assets remains a key focus, with targeted programmes underway to drive the step-change required.
 - We have started AMP8 with renewed focus and investment, backed by £245 million to cut total pollution incidents by 46% and serious pollutions by 72% by 2030.
 - Asset failure, blockages and hydraulic overloading remain the main causes of pollutions and we are focused on addressing these through enhanced monitoring, smarter data, targeted maintenance and community engagement.
 - We have partnered with customers and businesses through our Just Bin It campaign and ECAS partnership to reduce unflushables and fats, oils and grease entering the network.
 - Our long-term ambition is to have zero untreated escapes by 2050 and we will continue to document our progress towards this through our [Pollution Incident Reduction Plan](#) published each April, which outlines our approach in line with regulatory expectations and the Water (Special Measures) Act 2025.

- In July, we agreed a [£62.8 million enforcement package](#) with Ofwat which is being paid by Anglian Water and our shareholders, not customers, in response to failures in our wastewater systems.
 - The enforcement follows an investigation launched in March 2022, which found that we had not adequately operated, maintained, or upgraded its wastewater assets and lacked sufficient senior-level oversight.
 - The agreed investment package is intended to fund environmental and community projects across the East of England, rather than being passed directly on to customers.
 - Included in the package is £5.8 million for a new Community Fund to support local environmental and social initiatives. The remaining £57 million is allocated to Excess Flow Management Plans, which aim to reduce or optimise wastewater flows in at least eight river catchments.
- 96.3% of bathing waters in our region have been rated either ‘Excellent’ or ‘Good’, the highest proportion since 2015.
 - This includes 36 sites rated ‘Excellent’ and 16 ‘Good’, reflecting our continued investment in water quality and environmental protection.
 - Notably, all our coastal bathing waters are now rated above ‘Poor’ for the first time, marking a significant milestone in our commitment to safeguarding these vital spaces for communities and wildlife.

Securing water supplies

- We continue to roll out smart meters across the region, installing 150,083 in the first six months of the year.
 - We have the highest number of connected and working smart meters in the sector, totalling over 1.3 million meters, meaning 60% of customers in our region have a smart meter installed. We remain committed to installing 2.2 million smart meters by 2030.
 - Since 2021, our leak alert system has identified more than 600,000 customer leaks, helping households save an average of 14.75 litres of water per day, cut bills by around £25.70 a year, and prevent potential home damage.
 - Smart metering has also enabled us to reduce the amount of water we put into supply by over 18 megalitres each day, equivalent to more than seven Olympic swimming pools a day (2,555 each year), conserving valuable water resources and protecting the environment.
- Work on two new nationally significant reservoirs, one in Lincolnshire and another in the Cambridgeshire Fens, is ongoing. The new reservoirs are a major investment in the fastest growing region in the country, and one of the key focus areas of the Government’s growth ambitions. As well as helping to ensure a resilient water supply for decades to come, the new reservoirs will create jobs and economic opportunities during construction and beyond.
 - The Fens reservoir project, promoted in partnership with Cambridge Water, has just launched a third phase of public consultation and includes an updated design for the main reservoir site which has carefully considered feedback from earlier phases of consultation, and has developed to showcase how the reservoir could become a destination and an exciting new landmark.

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Half-yearly results for the six months ended 30 September 2025 (continued)

- The Lincolnshire reservoir project, is due to conclude its next design freeze ahead of submitting Environmental Scoping and launching its third phase of consultation in spring 2026.
- Both projects are progressing through the Development Consent Order pre-application phases with construction planned to start from 2030.
- The Strategic Pipeline, being delivered by our Strategic Pipeline Alliance (SPA) is our largest-ever infrastructure project, which will see us deliver a 580km interconnector network to secure long-term water resilience across the East of England. Phase 1 (320km) completes in Spring 2028; Phase 2 (260km) by Spring 2032.
 - In the first six months of this year, over 63.5km of pipeline was laid (Q1: 16km, Q2: 47.5km), key assets progressed including pumping stations and reservoirs, and design milestones achieved, with planning and ecology surveys underway.

Enquiries

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Cautionary statement

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders, to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties– including both economic and business risk factors– underlying any such forward-looking information.

Principal risks and uncertainties

Our strategic priorities rely on effective risk management, which involves a thorough evaluation of the main risks we face. These risks relate to our infrastructure's criticality, the significance of our customers and personnel, climate change and environmental concerns, health and safety in our service delivery, cyber security and financial sustainability. We regularly report these risks to the Board.

In addition to these principal risks, we also proactively manage various lower-level business stream risks that contribute to the principal risks. We evaluate principal risks by taking into account a range of factors, including emerging risks and external threats.

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

The risks we face are largely in line with those outlined in our Annual Integrated Report and consolidated financial statements for the period ending 31 March 2025. For detailed descriptions of these risks, please refer to page 108 of our 2024/25 Annual Integrated Report.

We continue to experience a level of uncertainty, with global supply chain disruptions due to the ongoing Russia-Ukraine war, the emerging trade and tariff disputes, regulatory uncertainty regarding future policies and regulations, plus extreme weather events. In response to our evolving risk profile, we have implemented additional controls and mitigating measures to address and stabilise our risk position. In the context of an uncertain economic and political global picture and in a traditionally uncertain period of the regulatory cycle,

Climate change is a consideration of each of our principal and emerging risks, where applicable. The development of our PR24 planning process defined a number of climate scenarios, with alternative and adaptive pathways that can be adopted as the climate changes. Our Climate Change Adaptation Report, published in 2024, shows the level of risk and how we are responding.

We are currently refreshing our Principal and Top Tier risks, along with material controls, to ensure we have monitoring in place to provide effective risk management in line with our Enterprise risk management processes. This work is being supported with external expertise and will be approved by members of the Executive Committee, Audit and Risk Committee and the Board.

Financial performance (unaudited)

Income statement

Anglian Water Services Income statement



Six months to 30 September

	% increase/ (decrease)	2025 £m	2024 £m
Revenue (excl. grants and contributions)	18.9%	1,026.7	863.4
Grants and contributions	72.1%	63.5	36.9
Other operating income		7.9	8.5
Operating costs	13.4%	(474.8)	(418.6)
EBITDA¹	27.2%	623.3	490.2
Depreciation and amortisation	13.8%	(235.6)	(207.1)
Operating profit	36.9%	387.7	283.1
Interest (excluding indexation)		(129.6)	(96.4)
Indexation charge		(126.1)	(101.2)
Finance income		19.9	21.7
Adjusted profit before tax¹		151.9	107.2
Fair value (losses)/gains on derivatives ²		(27.6)	18.1
Profit before tax		124.3	125.3
Tax charge		(33.0)	(32.6)
Profit after tax		91.3	92.7

¹ As defined in note 18, 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.

² 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 six months was £1,026.7 million (2024: £863.4 million), an increase of £163.3 million (18.9%) on last year.

The increase in revenue is as a result of the following factors:

- The price increase formulas set out in the Final Determination from Ofwat representing a £159.7 million increase.
- Household consumption up £11.8 million with warmer drier summer leading to increase in demand in the first half of the year.
- Offset by decreases in revenue of £7.7 million, with higher allowances and prior year billing, fewer non-household customers and the impact of customers switching from unmeasured to measured.

The money we can raise from bills, along with how much we are allowed to invest in our service, is decided every five years through Ofwat's price-setting process and set out in our Final Determination (FD).

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 year.

Operating costs (including charge for bad and doubtful debts)

Operating costs including charges for bad and doubtful debt for the six months increased by £56.2 million (13.4%) to £474.8 million. The movement in operating costs of Anglian Water is principally due to inflation and costs such as tankering, and salaries. These movements are explained in the table below:

	£m
Prior period	418.6
Funded by Final Determination	
Inflation	16.6
Weather related	
Hot / dry weather costs	2.0
Unwind of prior year impact of wet weather	(7.0)
Environmental Compliance	
Equipment tools and materials	4.2
Tankering	10.8
FFT undertaking / community fund	5.8
External/Government charges	
National Insurance Increase	5.1
OFWAT licence fee	0.7
Abstraction & discharge permits	5.0
Bad debt increase	3.5
Other significant items	
Increase headcount/employee (excluding NI and restructuring)	7.6
Restructuring costs	1.7
Other	0.2
Total increase	56.2
September 2025	474.8

Anglian Water Services Limited

Half-yearly results for the six months ended 30 September 2025 (continued)

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.

Weather related

The wet weather during winter 2023/24 resulted in extremely high levels of rainfall that continued into the six months to September 2024. Our spend on hired vehicles, mainly tankers, increased significantly as we continued to manage the flooding in the region. Whilst this pattern didn't repeat in the six months to September 2025 we have seen the impacts of the hot, dry summer resulting in increased costs to the water side of our business.

Environmental Compliance

Following the delivery of WINEP phosphorus removal schemes at the end of 2024/25, which produce high levels of sludge, costs of tankering have increased as a result of moving the increased sludge volumes to sludge treatment centres. We have also seen increased cost of maintenance and repair on our assets, particularly in the hire of temporary operational equipment (centrifuges, UV units, pumps etc), supporting our drive to reduce pollution incidents.

Included in the FFT Redress package agreed with OFWAT is a £5.8m Community Fund to support local environmental and social causes, which will be ringfenced for causes within the Anglian region. This was booked in full as a provision in 2025/26.

External / Government Charges

We saw increases in rates and discharge permits over and above inflation from the Local Authority and Environment Agency respectively. Other movements in operating costs relate largely to the impact of the increase in the Employers National Insurance rates.

Bad debt

The increase in our bad debt charge relates primarily to the increase in revenue as our cash collection remains strong. We collect c97% of charges and therefore, as revenue grows, so does our bad debt charge.

Other significant items

Salaries have increased by £7.6 million, partly due to increased employee numbers and partly due to the agreed pay rise of 4.5% which was 1% above CPIH of 3.5% in line with real salary growth across the economy.

EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is defined in note 18 and is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 27.2% to £623.3 million, which is consistent with the effect of the increases described above.

Anglian Water Services Limited

Half-yearly results for the six months ended 30 September 2025 (continued)

Depreciation and amortisation

Depreciation and amortisation is up 13.8% to £235.6 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 36.9% to £387.7 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation as we continue to invest heavily in infrastructure.

Financing costs and profit before tax

Adjusted net finance costs (excluding fair value gains and losses on financial instruments) increased from £175.9 million in the six month period to September 2024 to £235.8 million in the equivalent period in 2025. This was the result of the non-cash impact of higher inflation on index-linked debt which increased from £101.2 million to £126.1 million and an increase of £33.2 million in net interest expense primarily due to higher net debt and lower capitalised interest on assets under construction. The increase in indexation was due to an increase in year-on-year average Retail Price Index (RPI) from 3.2% to 4.5% and year-on-year average Consumer Price Index (CPI) from 2.1% to 3.7%. We have both RPI-linked debt and CPI-linked debt to hedge the RCV.

There was a fair value loss of £27.6 million on derivative financial instruments in the six months to September 2025, compared with a gain of £18.1 million in the six months to September 2024. The fair value losses in the current year are predominantly non-cash in nature and have no material effect on the underlying commercial operations of the business.

Taxation

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Current tax:			
In respect of the current period	(28.1)	(26.7)	(47.8)
Adjustments in respect of prior periods	-	-	25.6
Total current tax credit	(28.1)	(26.7)	(22.2)
Deferred tax:			
Origination and reversal of temporary differences	61.1	59.3	96.7
Adjustments in respect of previous periods	-	-	(21.9)
Total deferred tax charge	61.1	59.3	74.8
Total tax charge on profit on continuing operations	33.0	32.6	52.6

Compared to the same period in the previous year, the total tax charge has increased slightly by £0.4 million to £33.0 million. This reflects the slight increase in the estimated effective tax rate to 26.5% (2024: 26.2%) used in the tax charge calculation due to the increase in permanently disallowed expenditure of £5.8 million payment to Community scheme.

We are one of the largest private investors in infrastructure in our region, having invested over £547.3 million for the last 6 months period. The Government actively encourages infrastructure investment and grants us capital allowances, which defer some of our corporation tax liabilities until a later period. Our customers directly benefit from the deferral as it helps to keep their bills lower.

In addition to the £33.0 million tax charge on the income statement, there is a charge of £1.4 million (2024: £9.3 million) in the statement of other comprehensive income in relation to tax on actuarial gains on pension schemes and fair value gains on cash flow hedges.

Strong start to AMP8 capital investment programme

2025/26 is the first year of AMP8 investment programme. We have made a strong start with the gross capital expenditure increasing from £528.5 million in the six months to 30 September 2024, to £547.3 million in the six months to September 2025.

This has resulted in a £365.7 million increase in property, plant and equipment and intangible assets, net of depreciation in the six months to September 2025. A reconciliation can be found in note 18.

Distributions to the Parent Company

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.

In June 2025, whilst there was capacity to pay a dividend, after taking account of commitments to customers and other stakeholders and ensuring that it is able to finance its Appointed Business, the Directors felt it appropriate to defer any potential dividend.

The Directors have recommended to pay an Interim Dividend of £75 million. In coming to this amount the Directors, in line with the company's Dividend Policy, have considered performance in relation to customers and the environment and made adjustments for items such as the 24/25 ODI penalty and FFT settlement from the available capacity that was deferred in June.

Financial needs and resources

During the six-month period to September 2025, Anglian Water issued no new debt. Repayments of £299.8 million were made in respect of maturing debt, which consisted of a £250 million 1.625% fixed rate debt and amortising payments on index-linked debt.

At 30 September 2025, Anglian Water had borrowings net of cash of £8,085.3 million, an increase of £364.2 million from 31 March 2025. Net borrowings comprised leases, fixed, index-linked and variable-rate debt of £8,445.9 and cash and deposits of £360.6 million. The increase in net borrowings, primarily reflects the decrease in cash due to continuing investment in our capital programme.

The fair value of derivative financial liabilities was £585.9 million, a decrease of £34.8 million from 31 March 2025.

The business generated cash from operations of £512.6 million in the period (2024: £375.3 million) reflecting strong EBITDA. Working capital movements were favourable overall, with higher trade and other payables partly offset by an increase in receivables.

Liquidity

The company's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. At 30 September 2025, Anglian Water held cash, deposits and current asset investments of £360.6 million (March 2025: £1,019.0 million).

This decrease in cash, deposits and current asset investments is a function of the debt repayments and investment in our capital programme in the period. On 4 November, we successfully completed a £720 million OpCo sterling public bond issuance to fund planned capex and maturing debts.

At 30 September 2025, the Group also has undrawn borrowing facilities of £1,540.0 million (March 2025: £1,382.5 million). This comprised a £1,100.0 million revolving credit facility for general corporate purposes plus a £294.0 million debt service reserve facility and £146.0 million Operations and Maintenance reserve facility.

All bank facilities and debt capital market issuance are issued pursuant to the Global Secured Medium Term Note Programme dated 30 July 2002 between the company, Anglian Water Services Financing (AWSF) and Deutsche Trustee Company Ltd (as agent and trustee for itself and each of the finance parties). This agreement provides that any facilities drawn by AWSF will be passed directly on to the company upon utilisation of the facility.

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 30 September 2025, taking into account interest rate swaps, 62.5% (March 2025: 55.8%) of the company's borrowings were at rates indexed to inflation, 26.6% (March 2025: 31.9%) were at fixed rates and 10.9% (March 2025: 12.3%) were at floating rates. At 30 September 2025, the proportion of inflation debt to regulated capital value was 47% (March 2025: 45%).

Pension funding

At 30 September 2025, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £108.3 million, compared to £89.3 million at 31 March 2025. This increase 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 smaller decrease in our assets which are hedging gilt-based liabilities.

Responsibility statement

The directors are responsible for preparing the interim financial statements in accordance with applicable law, regulations and accounting standards, and ensuring that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the group for that period.

The directors confirm that the condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the United Kingdom, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in related party transactions described in the last annual report.

By order of the Board:



Mark Thurston

Chief Executive



Michael Bradley

Chief Financial Officer

Anglian Water Services Limited
Group condensed income statement
For the six months ended 30 September 2025

		Half-year ended 30 September 2025 Unaudited £m	Half-year ended 30 September 2024 Unaudited £m	Year ended 31 March 2025 Audited £m
Notes				
4	Revenue	1,090.2	900.3	1,749.3
	Other operating income	7.9	8.5	16.8
	Operating costs			
	Operating costs before depreciation, amortisation and loss allowance for expected credit losses	(452.4)	(400.5)	(809.8)
	Depreciation and amortisation	(235.6)	(207.1)	(423.5)
	Loss allowance for expected credit losses	(22.4)	(18.1)	(36.3)
	Total operating costs	(710.4)	(625.7)	(1,269.6)
	Operating profit	387.7	283.1	496.5
	Finance costs	(255.7)	(197.6)	(418.6)
	Finance income	19.9	21.7	48.2
	Fair value (losses)/gains on derivative financial instruments	(27.6)	18.1	62.9
5	Net finance costs	(263.4)	(157.8)	(307.5)
	Profit before tax from continuing operations			
	Profit before fair value gains/(losses) on derivative financial instruments ¹	151.9	107.2	126.1
	Fair value (losses)/gains on derivative financial instruments	(27.6)	18.1	62.9
	Profit before tax from continuing operations	124.3	125.3	189.0
6	Tax charge	(33.0)	(32.6)	(52.6)
	Profit from continuing operations	91.3	92.7	136.4

¹As defined in note 18

Notes 1 to 20 are an integral part of these condensed financial statements.

Anglian Water Services Limited
Group statement of comprehensive income
For the six months ended 30 September 2025

Notes		Half-year ended 30 September 2025 Unaudited £m	Half-year ended 30 September 2024 Unaudited £m	Year ended 31 March 2025 Audited £m
	Profit for the period	91.3	92.7	136.4
	Other comprehensive income			
	Items that will not be reclassified to income statement			
14	Actuarial gains on retirement benefit	14.8	15.2	29.1
6	Income tax charge on items that will not be reclassified	(3.7)	(3.8)	(7.3)
		11.1	11.4	21.8
	Items that may be reclassified subsequently to income statement			
15	(Losses)/gains on cash flow hedges recognised in equity	(11.5)	14.4	23.3
15	Losses on cost of hedging recognised in equity	(0.9)	(5.4)	(3.9)
15	Gains on cash flow hedges transferred to income statement	3.1	13.3	18.2
6	Income tax credit/(charge) on items that may be reclassified	2.3	(5.5)	(9.4)
		(7.0)	16.8	28.2
	Other comprehensive income for the period, net of tax	4.1	28.2	50.0
	Total comprehensive income for the period	95.4	120.9	186.4

Anglian Water Services Limited
Group balance sheet
as at 30 September 2025

		At 30 September 2025 Unaudited £m	At 30 September 2024 Unaudited £m	At 31 March 2025 Audited £m
Notes				
	Non-current assets			
8	Intangible assets	369.3	282.0	317.3
9	Property, plant and equipment	12,427.9	11,764.9	12,114.2
11	Derivative financial instruments	130.6	141.3	168.3
14	Retirement benefit surplus	133.8	79.1	115.9
		13,061.6	12,267.3	12,715.7
	Current assets			
	Inventories	21.8	19.2	20.9
	Trade and other receivables	895.3	803.7	658.2
	Investments - cash deposits	90.0	505.0	430.0
	Cash and cash equivalents	270.6	471.8	589.0
11	Derivative financial instruments	9.2	0.2	0.9
		1,286.9	1,799.9	1,699.0
	Total assets	14,348.5	14,067.2	14,414.7
	Current liabilities			
	Trade and other payables	(859.1)	(779.2)	(701.4)
	Current tax liabilities	(25.9)	(49.5)	(54.0)
11	Borrowings	(603.3)	(533.6)	(704.5)
11	Derivative financial instruments	(4.4)	(14.3)	(8.3)
	Provisions	(5.9)	(4.4)	(4.4)
		(1,498.6)	(1,381.0)	(1,472.6)
	Net current assets	(211.7)	418.9	226.4
	Non-current liabilities			
11	Borrowings	(7,842.6)	(7,884.0)	(8,035.6)
11	Derivative financial instruments	(721.3)	(760.6)	(781.6)
	Deferred tax liabilities	(1,755.8)	(1,670.5)	(1,693.3)
14	Retirement benefit deficit	(25.5)	(29.1)	(26.6)
	Provisions	(7.5)	(5.7)	(3.2)
		(10,352.7)	(10,349.9)	(10,540.3)
	Total liabilities	(11,851.3)	(11,730.9)	(12,012.9)
	Net assets	2,497.2	2,336.3	2,401.8

Continued on the next page.

Anglian Water Services Limited
Group balance sheet (continued)
as at 30 September 2025

Notes		At 30 September 2025 Unaudited £m	At 30 September 2024 Unaudited £m	At 31 March 2025 Audited £m
	Capital and reserves			
	Share capital	32.0	32.0	32.0
	Share premium account	1,165.0	1,165.0	1,165.0
	Retained earnings	1,264.5	1,108.0	1,162.1
15	Hedging reserve	39.7	35.7	46.0
15	Cost of hedging reserve	(4.0)	(4.4)	(3.3)
	Total equity	2,497.2	2,336.3	2,401.8

Notes 1 to 20 are an integral part of these condensed financial statements.

The condensed financial statements were approved by the Board of Directors on 2 December 2025 and signed on its behalf by:



Mark Thurston
Chief Executive



Michael Bradley
Chief Financial Officer

Anglian Water Services Limited
Group statement of changes in equity
for the six months ended 30 September 2025

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
Six months ended 30 September 2025						
At 1 April 2025	32.0	1,165.0	1,162.1	46.0	(3.3)	2,401.8
Profit for the period	-	-	91.3	-	-	91.3
Other comprehensive income/(expense) for the period	-	-	11.1	(6.3)	(0.7)	4.1
Total comprehensive income/(expense) for the period	-	-	102.4	(6.3)	(0.7)	95.4
At 30 September 2025	32.0	1,165.0	1,264.5	39.7	(4.0)	2,497.2
Six months ended 30 September 2024						
At 1 April 2024	32.0	1,165.0	1,092.5	14.9	(0.4)	2,304.0
Profit for the period	-	-	92.7	-	-	92.7
Other comprehensive income/(expense) for the period	-	-	11.4	20.8	(4.0)	28.2
Total comprehensive income/(expense) for the period	-	-	104.1	20.8	(4.0)	120.9
Dividends	-	-	(88.6)	-	-	(88.6)
At 30 September 2024	32.0	1,165.0	1,108.0	35.7	(4.4)	2,336.3
Year ended 31 March 2025						
At 1 April 2024	32.0	1,165.0	1,092.5	14.9	(0.4)	2,304.0
Profit for the year	-	-	136.4	-	-	136.4
Other comprehensive income/(expense) for the year	-	-	21.8	31.1	(2.9)	50.0
Total comprehensive income/(expense) for the year	-	-	158.2	31.1	(2.9)	186.4
Dividends	-	-	(88.6)	-	-	(88.6)
At 31 March 2025	32.0	1,165.0	1,162.1	46.0	(3.3)	2,401.8

Anglian Water Services Limited
Cash flow statements
for the six months ended 30 September 2025

Notes	Half-year ended 30 September 2025 Unaudited £m	Half-year ended 30 September 2024 Unaudited £m	Year ended 31 March 2025 Audited £m
Operating activities			
Operating profit	387.7	283.1	496.5
Adjustments for:			
Depreciation and amortisation	235.6	207.1	423.5
Assets adopted for £nil consideration	(24.1)	(12.3)	(34.0)
Profit on disposal of property, plant and equipment	(0.1)	(0.1)	-
Difference between pension charge and cash contributions	(1.2)	(3.4)	(27.3)
Net movement in provisions	5.7	0.1	(2.4)
Working capital:			
Increase in inventories	(0.9)	(1.3)	(3.0)
Increase in trade and other receivables	(236.0)	(175.1)	(39.6)
Increase/(decrease) in trade and other payables	145.9	77.2	(2.4)
Net cash flows from operating activities	512.6	375.3	811.3
Investing activities			
Purchase of property, plant and equipment	(458.4)	(496.0)	(960.1)
Purchase of intangible assets	(75.0)	(47.9)	(109.6)
Proceeds from disposal of property, plant and equipment	0.3	0.4	1.5
Interest received	17.1	20.9	46.1
Decrease in short-term bank deposits	340.0	25.0	100.0
Net cash used in investing activities	(176.0)	(497.6)	(922.1)
Financing activities			
Interest paid	(247.4)	(158.1)	(235.8)
Debt issue costs paid	(3.7)	(6.5)	(25.6)
Interest paid on leases	(0.4)	(0.5)	(1.0)
Proceeds from amounts borrowed	-	600.0	950.0
Repayment of amounts borrowed	(299.8)	(205.9)	(349.3)
Repayment of principal on derivatives	(100.7)	(85.0)	(85.0)
Receipt of principal on derivatives	-	67.1	67.1
Repayment of principal on leases	(3.0)	(2.8)	(6.4)
Dividends paid	-	(88.6)	(88.6)
Net cash from financing activities	(655.0)	119.7	225.4
Net (decrease)/increase in cash and cash equivalents	(318.4)	(2.6)	114.6
Cash and cash equivalents at the beginning of the period	589.0	474.4	474.4
11 Cash and cash equivalents at the end of the period	270.6	471.8	589.0

Anglian Water Services Limited

Notes to the financial statements

For the six months ended 30 September 2025

1. Basis of preparation and accounting policies

The condensed financial statements for the six months ended 30 September 2025, which are unaudited, have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom.

The Anglian Water Services group financial statements comprise a consolidation of the financial statements of Anglian Water Services Limited and its subsidiary Anglian Water Services Financing Plc at 30 September 2025. Intercompany sales and profit are eliminated fully on consolidation.

The condensed financial statements for the six months ended 30 September 2025, including comparative information, do not constitute statutory accounts of the Group. Statutory accounts for the year ended 31 March 2025, 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 and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019, were approved by the Board on 12 June 2025 and the Auditor's report on those accounts was unqualified.

The condensed financial statements for the six months ended 30 September 2025 should be read in conjunction with the annual integrated report and consolidated financial statements for the year ended 31 March 2025 which can be obtained from the Company Secretary, Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6XU.

The accounting policies adopted in these condensed financial statements are consistent with those applied and set out in the annual integrated report and consolidated financial statements for the year ended 31 March 2025, except for the estimation of income tax for interim reporting.

The tax charge is based on the estimated effective tax rate before exceptional items, fair value adjustments and adjustments in respect of prior periods, for the full year to 31 March 2026.

New standards, amendments and interpretations effective or adopted for the first time this period

The accounting policies adopted in the preparation of the interim condensed consolidation financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 March 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

1. Basis of preparation and accounting policies

a) 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.

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.

As set out in the Financing Structure section in our 2025 Annual Integrated Report, 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.

The Directors have also considered the provisional findings from the CMA which were released on 9 October 2025 and supported the investability and financeability arguments put forward by the company resulting in a forecast increase in revenues of just over £100 million over the AMP. The Final Redetermination from the CMA is due before the year end and could move in either direction from the Provisional Findings.

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 – the Group 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.
- Credit Rating – The business is able to maintain an investment grade credit rating in order to fund its capital programme.

Assessment period

Management have considered the appropriate assessment period taking into account all available information. Whilst there is an ongoing 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.

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

1. Basis of preparation and accounting policies

a) Going Concern (continued)

Liquidity

In addition to cash and cash equivalents of £270.6 million, the Company has undrawn borrowing facilities of £1,540 million available. This comprised of a £1,100.0 million revolving credit facility for general corporate purpose plus £294.0 million debt service reserve facility and £146.0 million Operations and Maintenance reserve facility. Whilst the base plan assumes continued debt raising during the coming years to fund the growth set out in the 5-year business plan, there is sufficient liquidity in the going concern period without the need to access external financing.

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.

Credit ratings

The Company has financial metrics that support the maintenance of an investment grade credit rating, enabling it to raise debt for its investment programme. Recent rating downgrades in the sector reflect changes in the regulatory environment rather than company-specific issues.

Sensitivity

We have identified three stretching scenarios to stress test our base forecast. These scenarios, low, medium and severe focus on the impact of lower disposable income and higher unemployment for our customers, 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.

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

1. Basis of preparation and accounting policies

a) Going Concern (continued)

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 available facilities.

While the worst-case scenario indicates 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.

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

2. Key sources of estimation uncertainty and critical accounting judgement

In preparing these condensed financial statements, the significant judgements made in applying the Group's accounting policies, and the key areas involving estimation, were the same as those disclosed in the consolidated financial statements for the year ended 31 March 2025.

3. Seasonality of operations

Whilst demand for water is usually higher during the drier spring and summer months, fluctuations in seasonal weather patterns can impact both revenue and costs. Historically, around half of the Group's operating profit arises in the first half of the year.

4. Revenue

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Water and water recycling services:			
Anglian Water			
Household - measured	665.5	555.0	1,046.7
Household - unmeasured	136.4	126.6	248.8
Non-household - measured	190.2	157.7	315.0
Grants and contributions	63.5	36.9	89.2
Other	34.6	24.1	49.6
	1,090.2	900.3	1,749.3

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

4. Revenue (continued)

Included in Grants and contributions are adopted assets of £24.1 million (30 September 2024: £12.3 million, 31 March 2025: £34.0 million) which are non-cash.

Other includes £17.9 million (30 September 2024: £15.3 million, 31 March 2025: £28.2 million) of revenue related to non-appointed business activities.

The above analysis excludes other operating income and finance income (note 5).

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the above revenue categories, with the exception of Household – unmeasured which is recorded on a straight-line basis throughout the year.

Revenue recognised which exceeds the amounts billed is recorded as contract asset while payments received prior to delivering the service is recorded as contract liability. Refer below for the movement in contract assets and liabilities:

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Contract liability			
At 1 April	(331.5)	(330.3)	(330.3)
Revenue recognised	801.9	681.6	1,295.5
Cash received in advance	(810.9)	(659.8)	(1,296.7)
Closing balance	(340.5)	(308.5)	(331.5)
Contract asset			
At 1 April	421.3	406.5	406.5
Revenue recognised	855.7	712.7	1,361.7
Amounts billed	(768.9)	(676.2)	(1,346.9)
Closing balance	508.1	443.0	421.3

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

5. Net finance costs

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Finance costs			
Interest expense on bank loans and overdrafts	(6.0)	(6.6)	(12.8)
Interest expense on other loans including financing expenses	(152.0)	(133.9)	(287.2)
Indexation of loan stock ⁽³⁾	(126.1)	(101.2)	(197.1)
Amortisation of debt issue costs	(4.0)	(1.9)	(4.5)
Interest on leases	(0.4)	(0.5)	(1.0)
Unwinding of discount on provision	(0.1)	-	(0.1)
Total finance costs	(288.6)	(244.1)	(502.7)
Less: amounts capitalised on qualifying assets	32.9	46.5	84.1
	(255.7)	(197.6)	(418.6)
Finance income			
Interest income on short-term bank deposits	17.1	20.9	46.1
Defined benefit pension scheme interest income	2.8	0.8	2.1
	19.9	21.7	48.2
Fair value (losses)/ gains on derivative financial instruments			
Hedge ineffectiveness on fair value hedges ⁽¹⁾	(0.1)	0.7	1.2
Derivative financial instruments not designated as hedges	(27.1)	19.0	64.2
Recycling of de-designated cash flow hedge relationship ⁽²⁾	(0.4)	(1.6)	(2.5)
	(27.6)	18.1	62.9
Net finance costs	(263.4)	(157.8)	(307.5)

- (1) Hedge ineffectiveness on fair value hedges comprises fair value gains on hedging instruments of £0.3 million (30 September 2024: £7.7 million, 31 March 2025: £14.0 million), offset by fair value losses of £0.4 million on hedged risks (30 September 2024: £7.0 million, 31 March 2025: £12.8 million).
- (2) Please refer to note 15 for breakdown of hedging reserve.
- (3) Indexation comprise of £79.4 million in borrowings (30 September 2024: £64.2 million, 31 March 2025: £123.9 million) and £46.7 million in derivatives (30 September 2024: £37.0 million, 31 March 2025: £73.2 million).

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

6. Taxation

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Current tax:			
In respect of the current period	(28.1)	(26.7)	(47.8)
Adjustments in respect of prior periods	-	-	25.6
Total current tax credit	(28.1)	(26.7)	(22.2)
Deferred tax:			
Origination and reversal of temporary differences	61.1	59.3	96.7
Adjustments in respect of previous periods	-	-	(21.9)
Total deferred tax charge	61.1	59.3	74.8
Total tax charge on profit on continuing operations	33.0	32.6	52.6

The tax charge for the six months ended 30 September 2025 is based on the estimated effective tax rate before exceptional items, fair value adjustments and adjustments in respect of prior periods, for the full year to 31 March 2026, of 26.5%.

The amounts included for tax liabilities in the financial statements include estimates and judgments. 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.

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

6. Taxation (continued)

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% (30 September 2024 and 31 March 2025: 25%) to the profit before tax from continuing operations as follows:

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Profit before tax from continuing operations	124.3	125.3	189.0
Profit before tax from continuing operations at the standard rate of corporation tax in the UK of 25%	31.1	31.3	47.3
Effects of recurring items:			
Items not deductible for tax purposes			
- Depreciation and losses on assets not eligible for tax relief	0.9	0.9	1.1
- Disallowable expenditure	0.9	0.4	0.5
	32.9	32.6	48.9
Effects of non-recurring items:			
Other permanent differences	0.1	-	-
Adjustments in respect of prior periods	-	-	3.7
Tax charge for the period	33.0	32.6	52.6

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

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Deferred tax:			
Defined benefit pension schemes	3.7	3.8	7.3
Cash flow hedges	(2.3)	5.5	9.4
Total tax charge recognised in other comprehensive income	1.4	9.3	16.7

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

7. Dividends

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Paid to the parent undertaking			
Dividend paid	-	88.6	88.6
	-	88.6	88.6

8. Intangible assets

Intangible assets comprise computer software and internally generated intangible assets which mainly comprise capitalised development expenditure.

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Cost			
At 1 April	728.5	628.0	628.0
Additions	80.1	52.3	117.5
Disposals	-	-	(17.0)
Closing balance	808.6	680.3	728.5
Accumulated amortisation			
At 1 April	(411.2)	(371.4)	(371.4)
Charge for the period	(28.1)	(26.9)	(56.6)
Disposals	-	-	16.8
Closing balance	(439.3)	(398.3)	(411.2)
Net book amount			
Closing balance	369.3	282.0	317.3

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

9. Property, plant and equipment

Property, plant and equipment comprises land and buildings, infrastructure assets, operational assets, vehicles, plant and equipment and assets under construction.

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Cost			
At 1 April	18,179.0	17,226.0	17,226.0
Additions	521.8	530.8	1,067.5
Disposals	(20.5)	(15.2)	(114.5)
Closing balance	18,680.3	17,741.6	18,179.0
Accumulated depreciation			
At 1 April	(6,064.8)	(5,811.3)	(5,811.3)
Charge for the period	(207.5)	(180.2)	(366.9)
Disposals	19.9	14.8	113.4
Closing balance	(6,252.4)	(5,976.7)	(6,064.8)
Net book amount			
Closing balance	12,427.9	11,764.9	12,114.2

10. Investments

The sole subsidiary undertaking is Anglian Water Services Financing Plc, whose principal activity is that of a financing company. The value of the investment is £12,502. It is 100 per cent owned, all in ordinary shares, and is registered, incorporated and operating in the UK at 30 September 2025. The address of its registered office is Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

11. Analysis of net debt

Net debt at 30 September 2025

	Current assets		Liabilities from financing activities			
	Cash and cash equivalents ⁽²⁾	Investment - cash deposits	Borrowings	Derivative financial instruments ⁽¹⁾	Total liabilities	Net debt total
	£m	£m	£m	£m	£m	£m
At 1 April 2025	589.0	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,341.1)
Cash flows						
Interest paid	(247.4)	-	-	-	-	(247.4)
Issue costs paid	(3.7)	-	3.7	-	3.7	-
Interest on leases	(0.4)	-	-	-	-	(0.4)
Repayment of amounts borrowed	(299.8)	-	299.8	-	299.8	-
Principal settlement on derivatives	(100.7)	-	-	100.7	100.7	-
Repayment of principal on leases	(3.0)	-	3.0	-	3.0	-
Non-financing cash flows ⁽²⁾	336.6	(340.0)	-	-	-	(3.4)
	(318.4)	(340.0)	306.5	100.7	407.2	(251.2)
Non-cash movements						
Movement in interest accrual on debt	-	-	69.3	-	69.3	69.3
New lease agreements	-	-	(0.4)	-	(0.4)	(0.4)
Amortisation of issue costs	-	-	(4.0)	-	(4.0)	(4.0)
Indexation of borrowings and inflation	-	-	(79.4)	(46.7)	(126.1)	(126.1)
Foreign exchange gains or losses	-	-	11.5	(11.5)	-	-
Fair value losses	-	-	(9.3)	(4.4)	(13.7)	(13.7)
	-	-	(12.3)	(62.6)	(74.9)	(74.9)
At 30 September 2025	270.6	90.0	(8,445.9)	(581.9)	(9,027.8)	(8,667.2)
Net debt at 30 September 2025 comprises:						
Non-current assets	-	-	-	130.1	130.1	130.1
Current assets	270.6	90.0	-	9.2	9.2	369.8
Current liabilities	-	-	(603.3)	(2.4)	(605.7)	(605.7)
Non-current liabilities	-	-	(7,842.6)	(718.8)	(8,561.4)	(8,561.4)
	270.6	90.0	(8,445.9)	(581.9)	(9,027.8)	(8,667.2)

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

11. Analysis of net debt (continued)

- (1) Derivative financial instruments exclude the liability of £4.0 million (30 September 2024: liability of £8.8 million; 31 March 2025: liability of £0.7 million) in respect of the fair value of energy hedges, as these are not classified as part of net debt.
- (2) Non-financing cash flows comprise: net cash flows from operating activities of £512.6 million (30 September 2024: £375.3 million; 31 March 2025: £811.3 million), less net cash used in investing activities of £176.0 million (30 September 2024: £497.6 million; 31 March 2025: £922.1 million), less dividends paid of £nil (30 September 2024: £88.6 million; 31 March 2025: £88.6 million).

Energy hedges, excluded from net debt, are included within derivative financial instruments as follows:

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Non-current assets	0.5	-	1.3
Current assets	-	-	0.9
Current liabilities	(2.0)	(6.1)	(0.8)
Non-current liabilities	(2.5)	(2.7)	(2.1)
	(4.0)	(8.8)	(0.7)

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

11. Analysis of net debt (continued)

Net debt at 30 September 2024

	Current assets		Liabilities from financing activities			Net debt total
	Cash and cash equivalents	Investment - cash deposits	Borrowings	Derivative financial instruments	Total liabilities	
	£m	£m	£m	£m	£m	£m
At 1 April 2024	474.4	530.0	(7,981.3)	(633.9)	(8,615.2)	(7,610.8)
Cash flows						
Interest paid	(158.1)	-	-	-	-	(158.1)
Issue costs paid	(6.5)	-	5.7	-	5.7	(0.8)
Interest on leases	(0.5)	-	-	-	-	(0.5)
Increase in amounts borrowed	600.0	-	(600.0)	-	(600.0)	-
Repayment of amounts borrowed	(205.9)	-	205.9	-	205.9	-
Principal settlement on derivatives	(85.0)	-	-	85.0	85.0	-
Receipt of principal on derivatives	67.1	-	-	(67.1)	(67.1)	-
Repayment of principal on leases	(2.8)	-	2.8	-	2.8	-
Non-financing cash flows	(210.9)	(25.0)	-	-	-	(235.9)
	(2.6)	(25.0)	(385.6)	17.9	(367.7)	(395.3)
Non-cash movements						
Movement in interest accrual on debt	-	-	7.5	-	7.5	7.5
New lease agreements	-	-	(0.4)	-	(0.4)	(0.4)
Amortisation of issue costs	-	-	(1.9)	-	(1.9)	(1.9)
Indexation of borrowings and inflation	-	-	(64.2)	(37.0)	(101.2)	(101.2)
Fair value gains and foreign exchange	-	-	8.3	28.4	36.7	36.7
	-	-	(50.7)	(8.6)	(59.3)	(59.3)
At 30 September 2024	471.8	505.0	(8,417.6)	(624.6)	(9,042.2)	(8,065.4)
Net debt at 30 September 2024 comprises:						
Non-current assets	-	-	-	141.3	141.3	141.3
Current assets	471.8	505.0	-	0.2	0.2	977.0
Current liabilities	-	-	(533.6)	(8.2)	(541.8)	(541.8)
Non-current liabilities	-	-	(7,884.0)	(757.9)	(8,641.9)	(8,641.9)
	471.8	505.0	(8,417.6)	(624.6)	(9,042.2)	(8,065.4)

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

11. Analysis of net debt (continued)

Net debt at 31 March 2025

	Current assets		Liabilities from financing activities			
	Cash and cash equivalents	Investment - cash deposits	Borrowings	Derivative financial instruments	Total liabilities	Net debt total
	£m	£m	£m	£m	£m	£m
At 1 April 2024	474.4	530.0	(7,981.3)	(634.0)	(8,615.3)	(7,610.9)
Cash flows						
Interest paid	(235.8)	-	-	-	-	(235.8)
Issue costs paid	(25.6)	-	24.7	-	24.7	(0.9)
Interest on leases	(1.0)	-	-	-	-	(1.0)
Increase in amounts borrowed	950.0	-	(950.0)	-	(950.0)	-
Repayment of amounts borrowed	(349.3)	-	349.3	-	349.3	-
Repayment of principal on derivatives	(85.0)	-	-	85.0	85.0	-
Receipt of principal on derivatives	67.1	-	-	(67.1)	(67.1)	-
Repayment of principal on leases	(6.4)	-	6.4	-	6.4	-
Non-financing cash flows	(199.4)	(100.0)	-	-	-	(299.4)
	114.6	(100.0)	(569.6)	17.9	(551.7)	(537.1)
Non-cash movements						
Movement in interest accrual on debt	-	-	(59.6)	-	(59.6)	(59.6)
New lease agreements	-	-	(6.6)	-	(6.6)	(6.6)
Amortisation of issue costs	-	-	(4.5)	-	(4.5)	(4.5)
Indexation of borrowings and inflation	-	-	(123.9)	(73.2)	(197.1)	(197.1)
Foreign exchange gains and losses	-	-	22.4	(22.4)	-	-
Fair value gains and losses	-	-	(17.0)	91.7	74.7	74.7
At 31 March 2025	589.0	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,341.1)
Net debt at 31 March 2025 comprises:						
Non-current assets	-	-	-	167.0	167.0	167.0
Current assets	589.0	430.0	-	-	-	1,019.0
Current liabilities	-	-	(704.5)	(7.5)	(712.0)	(712.0)
Non-current liabilities	-	-	(8,035.6)	(779.5)	(8,815.1)	(8,815.1)
	589.0	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,341.1)

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

12. Leases

Leases recognised as debt under IFRS 16 can be analysed as follows:

As at 30 September 2025	Interest £m	IFRS debt £m
CTA leases	0.1	6.1
Non-CTA leases (Permitted indebtedness)	0.3	25.3
As at 30 September 2024	Interest £m	IFRS debt £m
CTA leases	0.2	8.5
Non-CTA leases (Permitted indebtedness)	0.3	23.2
As at 31 March 2025	Interest £m	IFRS debt £m
CTA leases	0.3	6.9
Non-CTA leases (Permitted indebtedness)	0.7	27.0

Permitted indebtedness is a category of debt within the Group which captures leases previously considered as operating leases which do not qualify as secured creditors. All interest has been paid in the year. There are no material lease payments with variable payment features.

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

13. Net debt and derivatives

At 30 September 2025

	Carrying value £m	Fair value £m
Cash and cash equivalents	270.6	270.6
Current asset investments - cash deposits	90.0	90.0
Borrowings		
Current	(603.3)	(603.2)
Non-current	(7,842.6)	(7,369.1)
Interest and cross currency interest rate swaps - assets		
Current	9.2	9.2
Non-current	48.5	48.5
Interest and cross currency interest rate swaps - liabilities		
Current	(2.4)	(2.4)
Non-current	(158.7)	(158.7)
RPI swaps - assets		
Non-current	60.1	60.1
RPI swaps - liabilities		
Non-current	(308.9)	(308.9)
CPI swaps - assets		
Non-current	21.5	21.5
CPI swaps - liabilities		
Non-current	(233.5)	(233.5)
RPI-CPI Basis swaps - liabilities		
Non-current	(17.7)	(17.7)
Net debt	(8,667.2)	(8,193.6)
Energy derivatives - assets		
Non-current	0.5	0.5
Energy derivatives - liabilities		
Current	(2.0)	(2.0)
Non-current	(2.5)	(2.5)
	(8,671.2)	(8,197.6)

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

13. Net debt and derivatives (continued)

At 30 September 2024

	Carrying value £m	Fair value £m
Cash and cash equivalents	471.8	471.8
Current asset investments - cash deposits	505.0	505.0
Borrowings		
Current	(533.6)	(534.4)
Non-current	(7,884.0)	(7,828.1)
Interest and cross currency interest rate swaps - assets		
Current	0.2	0.2
Non-current	71.4	71.4
Interest and cross currency interest rate swaps - liabilities		
Current	(8.2)	(8.2)
Non-current	(154.0)	(154.0)
RPI swaps - assets		
Non-current	48.6	48.6
RPI swaps - liabilities		
Current		
Non-current	(405.0)	(405.0)
CPI swaps - assets		
Non-current	20.9	20.9
CPI swaps - liabilities		
Non-current	(198.5)	(198.5)
RPI-CPI Basis swaps - assets		
Non-current	0.4	0.4
RPI-CPI Basis swaps - liabilities		
Non-current	(0.4)	(0.4)
Net debt	(8,065.4)	(8,010.3)
Energy derivatives - liabilities		
Current	(6.1)	(6.1)
Non-current	(2.7)	(2.7)
	(8,074.2)	(8,019.1)

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

13. Net debt and derivatives (continued)

At 31 March 2025

	Carrying value £m	Fair value £m
Cash and cash equivalents	589.0	589.0
Current asset investments - cash deposits	430.0	430.0
Borrowings		
Current	(704.5)	(707.2)
Non-current	(8,035.6)	(7,473.3)
Interest and cross currency interest rate swaps - assets		
Non-current	65.9	65.9
Interest and cross currency interest rate swaps - liabilities		
Current	(7.5)	(7.5)
Non-current	(171.0)	(171.0)
RPI swaps - assets		
Non-current	69.8	69.8
RPI swaps - liabilities		
Non-current	(390.7)	(390.7)
CPI swaps - assets		
Non-current	31.3	31.3
CPI swaps - liabilities		
Non-current	(202.9)	(202.9)
Basis swaps - liabilities		
Non-current	(14.9)	(14.9)
Net debt	(8,341.1)	(7,781.5)
Energy derivatives - assets		
Current	0.9	0.9
Non-current	1.3	1.3
Energy derivatives - liabilities		
Current	(0.8)	(0.8)
Non-current	(2.1)	(2.1)
	(8,341.8)	(7,782.2)

The fair value of loans and other borrowings represents the market value of publicly traded debt instruments or, if in respect of debt not publicly traded, the cost which the Group would incur if it elected to repay these borrowings before their maturity dates, calculated by discounting future cash flows at prevailing rates including credit spreads experienced on publicly traded debt instruments.

The fair value of interest rate derivative financial instruments is determined by calculating the net realisable value that would have arisen if these contracts terminated at the reporting date with reference to estimated future cash flows and observable yield curves.

13. Net debt and derivatives (continued)

The fair value of cross-currency interest rate derivatives is determined using discounted cash flow analysis, with the foreign currency legs calculated with reference to observable foreign interest rate yield curves and the observable foreign exchange rate as at the reporting date.

The fair value of the Group's energy derivatives is calculated using discounted cash flow analysis, with reference to observable market prices at the reporting date.

Fair values of other non-current investments, non-current trade and other receivables, provisions and non-current trade and other payables have been estimated as not materially different from carrying value.

Derivative transactions expose the Group to credit risk against the counterparties concerned. The Group has credit protection measures in place within agreements which provide protection in the event of counterparty rating downgrade or default. The Group only enters into derivative transactions with banks of high credit standing (as measured by reputable rating agencies) and also seeks to diversify exposure such that concentration with individual banks is avoided.

In accordance with IFRS 13 'Fair Value Measurement', the financial instruments carried at fair value on the balance sheet have been classified as either level 2 or level 3 for fair valuation purposes. Both classifications are valued by reference to valuation techniques using observable inputs other than quoted prices in active markets. The majority of derivative instruments are classed as Level 2 and are valued using inputs that are observable for the asset or liability either directly or indirectly. The level 3 instrument valuation relates to where data inputs are obtained from a less liquid market and are comprised of CPI-linked inflation swaps which are traded based on a spread to liquid RPI inflation markets often referred to as the 'wedge'. As the market for CPI swaps is still developing, the wedge is not currently observable in a liquid market and as such these swaps have been classified as level 3 instruments.

For both level 2 and 3, valuations have been obtained by discounting the estimated future cash flows at a rate that reflects credit risk.

There have been no transfers between level 1, level 2 and level 3 fair value measurements in the period. The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer occurred.

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

13. Net debt and derivatives (continued)

Movements in the six months to 30 September 2025 for assets and liabilities measured at fair value using level 3 valuation inputs are presented below:

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
At the beginning of the period	(186.5)	(186.6)	(186.6)
Net (loss)/gain for the period	(26.0)	21.5	19.9
Settlements	(17.2)	(12.5)	(19.8)
At the end of the period	(229.7)	(177.6)	(186.5)

Gains and losses in the period are recognised in fair value losses on derivatives within the income statement.

The impact on a post-tax basis of reasonably possible changes in the significant assumptions used in valuing liabilities classified as level 3 within the fair value hierarchy are as follows:

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Gain/(loss)			
1% increase in inflation rates	(147.3)	(125.4)	(116.9)
1% decrease in inflation rates	130.5	109.7	103.2

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, one per cent has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change in the long term.

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

14. Net retirement benefit obligations

On 31 March 2018, the defined benefit sections of the Anglian Water Group Pension Scheme were closed for future accruals. All employees now have the option to participate in the Group's defined contribution scheme.

The liabilities of the Group's defined benefit pension schemes have been valued using the projected unit method and using the following main assumptions:

	Half-year ended 30 September 2025 % pa	Half-year ended 30 September 2024 % pa	Year ended 31 March 2025 % pa
Discount rate	5.9	5.1	5.8
Inflation rate			
RPI	3.1	3.2	3.3
CPI	2.7	2.8	2.9

The assets of the pension schemes have been updated to reflect their market value as at 30 September 2025.

The movement in the net defined benefit pension surplus was as follows:

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
At the beginning of the period	89.3	30.7	30.7
Charged to operating profit			
Net interest income (see note 5)	2.8	0.8	2.3
Employers' contributions	1.4	3.4	27.2
Return on plan assets (excluding amounts included in net interest)	(1.1)	(26.4)	(91.1)
Actuarial gains arising from changes in assumptions	23.1	41.9	120.2
Experience adjustments	(7.2)	(0.4)	-
At the end of the period	108.3	50.0	89.3

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

14. Net retirement benefit obligations (continued)

The net pension surplus comprises:

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Pension schemes with a net surplus, included in non-current assets	133.8	79.1	115.9
Pension schemes with a net deficit, included in non-current liabilities	(25.5)	(29.1)	(26.6)
Net defined benefit pension surplus	108.3	50.0	89.3

The Virgin Media Ltd v NTL Pension Trustees II Court ruling

On 16 June 2023, the High Court handed down its decision in The Virgin Media Ltd v NTL Pension Trustees II which concerned the correct interpretation of section 37 of the Pension Schemes Act 1993. Subsequently Virgin Media Ltd filed an appeal, the hearing for which took place on 26 and 27 June 2024 and on 25 July 2024, it was announced that the Court of Appeal upheld the High Court ruling. The Court of Appeal's ruling confirms that a section 37 confirmation was required where an alteration to a scheme's rules affected pension benefits attributable to past or future service benefits related to section 9(2B) rights between 6 April 1997 until the end of contracting-out on 5 April 2016.

On 1 September 2025, the Pensions Minister published draft amendments to the Pension Scheme Bill that would enable companies to retrospectively obtain written confirmation that historic benefits changes met the necessary standards. Whilst these amendments have not yet been enacted into legislation, based on the review previously undertaken with the Trustee and its advisors and the Scheme Actuary the Group does not consider it appropriate to record a provision in the accounts.

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

15. Hedging reserve

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
At the beginning of the period	46.0	14.9	14.9
(Losses)/gains on energy cash flow hedges	(4.9)	1.6	6.5
Losses on other cash flow hedges	(12.7)	(2.9)	(2.4)
Amounts transferred to the income statement	2.7	11.7	15.7
Amounts transferred to the income statement from discontinuation of cash flow hedges	0.4	1.6	2.5
Exchange movement on hedging instruments related to debt in cash flow hedges	6.1	15.7	19.2
Deferred tax movement on cash flow hedges	2.1	(6.9)	(10.4)
At the end of the period	39.7	35.7	46.0

Cost of hedging reserve

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
At the beginning of the period	(3.3)	(0.4)	(0.4)
Losses on hedge relationships	(0.9)	(5.4)	(3.9)
Deferred tax movement on hedge relationships	0.2	1.4	1.0
At the end of the period	(4.0)	(4.4)	(3.3)

The hedging reserve represents the cumulative effective portion of gains and losses arising on the change in fair value of hedging instruments, excluding those fair value movements identified as costs of hedging within the specific hedge relationship. The cost of hedging reserve captures the movement in the fair value of the cost of hedging component.

Anglian Water Services Limited

Notes to the group condensed financial statements (continued)

for the six months ended 30 September 2025

16. Capital commitments

The Group has a substantial long-term investment programme within Anglian Water, which includes expenditure to meet regulatory requirements, shortfalls in performance and condition, and to provide for new demand and growth. The commitments shown below reflect the outstanding value of orders placed at 30 September 2025.

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Property, plant and equipment	335.0	329.1	354.8
Intangible assets	39.1	59.1	54.9
	374.1	388.2	409.7

The Group has committed to an additional £57 million of capital expenditure in relation to Excess Flow Management Plans, which aim to reduce or optimise wastewater flow in at least eight river catchments, in line with IAS16, these costs will be accounted for as incurred.

17. Related party transactions

The consortium of investors owning Anglian Water Group Limited are considered to be related parties of the Group as they each have the ability to influence the financial and operating policies of both the company and the Group. Other related parties comprise key management personnel.

There has been no material change during the six months ended 30 September 2025 in transactions with these related parties from that disclosure in the annual report and consolidated financial statements for the year ended 31 March 2025.

No dividend has been paid in the six months ended 30 September 2025 as set out in note 7.

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

18. Alternative performance measures

Financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures ("APM"). 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.

a) **EBITDA**

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

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
EBITDA	623.3	490.2	920.0
Net finance costs	(263.4)	(157.8)	(307.5)
Tax charge	(33.0)	(32.6)	(52.6)
Depreciation & amortisation	(235.6)	(207.1)	(423.5)
Profit for the period	91.3	92.7	136.4

b) **Adjusted finance costs**

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

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Adjusted finance costs	(235.8)	(175.9)	(370.4)
Fair value (losses)/gains on derivative financial instruments	(27.6)	18.1	62.9
Net finance costs, including fair value gains on derivative financial instruments	(263.4)	(157.8)	(307.5)

18. Alternative performance (continued)

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

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.

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Adjusted profit before tax/Profit before fair value gains/(losses)	151.9	107.2	126.1
Tax charge	(33.0)	(32.6)	(52.6)
Fair value gains on derivative financial instruments	(27.6)	18.1	62.9
Profit for the period	91.3	92.7	136.4

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 11 and below.

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
Net cash and cash equivalents	270.6	471.8	589.0
Current asset investments	90.0	505.0	430.0
Borrowings	(8,445.9)	(8,417.6)	(8,740.1)
Net debt excluding derivatives	(8,085.3)	(7,440.8)	(7,721.1)
Derivatives	(585.9)	(633.4)	(620.7)
Less: energy derivatives	4.0	8.8	0.7
Adjusted net debt	(8,667.2)	(8,065.4)	(8,341.1)

Anglian Water Services Limited
Notes to the group condensed financial statements (continued)
for the six months ended 30 September 2025

18. Alternative performance (continued)

e) 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.

	Half-year ended 30 September 2025 £m	Half-year ended 30 September 2024 £m	Year ended 31 March 2025 £m
PPE additions	521.8	530.8	1,067.5
Intangible additions	80.1	52.3	117.5
Capitalised interest	(32.9)	(46.5)	(84.1)
Adopted assets	(24.1)	(12.3)	(34.0)
Non-appointed business	(0.7)	(0.4)	(1.0)
Items shown as stock movement	3.1	4.6	14.7
Capital investment	547.3	528.5	1,080.6

f) Interest cover

Interest cover is the ability of the Company to pay interest on its outstanding debt out of operating cash flows. This is calculated as the ratio of operating cash value less RCV depreciation, compared to the net interest paid during the year to show the interest cover. In accordance with the CTA, the 6 months to 30 September 2025 is not a test period.

19. Events after the balance sheet date

In June 2025, 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 any potential dividend.

The Directors have recommended to pay an Interim Dividend of £75 million on 9 December 2025. In coming to this amount the Directors, in line with the company's Dividend Policy, have considered performance in relation to customers and the environment and made adjustments for items such as the 24/25 ODI penalty and FFT settlement from the available capacity that was deferred in June.

19. Events after the balance sheet date (continued)

The CMA published its provisional redetermination of our business plan for AMP8 on 9 October. The review proposed a 1.2% increase in allowed revenue, reflecting a higher weighted average cost of capital of 4.29%, partly offset by a 0.8% reduction in allowed totex. It also included adjustments to certain performance commitments and ODIs. Following this, we submitted our response on 11 November, addressing the approach to base cost modelling and seeking further consideration of the cost of capital, asset health funding and performance stretch.

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

20. Approval of the half-yearly report

The half-yearly report was approved by the Board on 2 December 2025. The financial information set out in the half-yearly report is unaudited but has been reviewed by the Auditor. The Auditor's report to the Directors is set out on page 51-52.

INDEPENDENT REVIEW REPORT TO ANGLIAN WATER SERVICES LIMITED

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2025 which comprises the group condensed income statement, the group condensed statement of comprehensive income, the group condensed balance sheet, the group condensed statement of changes in equity, the group condensed cash flow statement and related notes 1 to 20.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2025 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules 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 inquiries, 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. As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion 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 entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

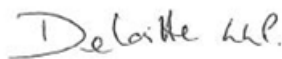
In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the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

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

A handwritten signature in dark ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

2 December 2025