

10 June 2026

Chief Executive Officer, Mark Thurston, commented:

“This year has been one of reset, mobilisation and renewed focus for Anglian Water, as we started delivering the most ambitious investment programme in our history and strengthened the business for the years ahead. This programme reflects our long-term responsibility to provide resilient water and wastewater services that support communities, protect the environment and enable sustainable growth across our region, and ultimately deliver on our Purpose.

“We are operating in a period of significant change for our sector, shaped by climate change, population growth and rising expectations from customers, regulators and society. In response, we have sharpened our operational discipline, strengthened accountability and focused on building the capabilities and partnerships required to deliver at a new scale.

“Against this backdrop, the business delivered a strong financial performance. Revenue increased by 20% to £2.1 billion, in line with the PR24 Final Determination, with EBITDA rising 20% to £1.1 billion and operating profit increasing by 28% to £636.3 million. This is enabling us to deliver a step change in investment for customers and the environment, underpinned by robust operating cash flows of more than £1.0 billion.

“We have made a strong start to AMP8, investing £1.1 billion in capital delivery (£1.08 billion in 2024/25) as more than 1,100 new programmes and projects were mobilised during the first year. While this first year typically reflects mobilisation rather than peak construction, it represents a solid foundation and positions us well to accelerate delivery in the years ahead.

“Importantly, our capital investment during the year exceeded both operating cash flow and operating profit, underlining our commitment to reinvest more than we earn to deliver long-term benefits. This programme is further supported by £500 million of equity that has been paid into the group by shareholders since September 2025, demonstrating continued confidence and ensuring we can deliver the scale of improvements for our customers and the environment.

“Alongside this investment, we are beginning to see tangible signs of improvement in our operational performance. A renewed focus on operational resilience and environmental compliance supported a reduction in total pollution incidents, continued improvements in storm overflow performance, and record bathing water quality across the region. Our work has resulted in a significant year on year improvement in our ODI penalty position, (£10.5 million in 2025/26 vs £41.5 million in 2024/25) despite the strengthening of the incentive framework. While some areas of performance remain below the standards we and our customers expect, addressing these remains a clear priority, and our continued investment and focus are aimed at delivering sustained improvement over time.

“Supporting customers and communities remains central to our approach, particularly as we invest at scale. During the year, we delivered more than £94 million of targeted financial support and continued to expand tailored assistance for those who need it most. We were also proud to become the first utility company to achieve ‘Mental Health Accessible’ accreditation by the Money and Mental Health Policy Institute.

“Looking ahead, we are investing to secure resilient water supplies, protect and enhance the environment, and support sustainable growth across one of the UK’s fastest growing regions. Our infrastructure programme is strengthening long-term resilience while also supporting economic growth through skilled employment, regional supply chains and the critical infrastructure required to unlock new homes, industry and investment across the region.”

### Results presentation and Q&A

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

- 14:00 (UK time), Tuesday 10 June – <https://re-url.uk/WHPL>

The presentation will be made available on our [website](#) shortly after the event.

## Financial highlights

	2026	2025	Change	Change
	£m	£m	£m	%
Revenue	2,103.1	1,749.3	353.8	20.2
EBITDA*	1,103.8	920.0	183.8	20.0
Operating profit	636.3	496.5	139.8	28.2
Capital Investment*	1,135.5	1,080.6	54.9	5.1
Operating cash flow	1,014.0	811.3	202.7	25.0
Net debt before derivatives*	(8,293.1)	(7,721.1)	(572.0)	7.4

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

### Revenue up 20.2%

- The two key drivers of the revenue increase of £354 million were annual price increases as set out in the Final Determination (£310 million) and consumption being up year on year as a result of the extended periods of hotter than average temperatures in 2025 (£21 million), the remainder coming from a number of other movements, further details can be found on page 11.

### EBITDA up 20.0%

- Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by £184 million with revenue increases partially offset by increased operating costs, primarily related to environmental compliance, full details can be found on page 12.

### Operating profit up 28.2%

- Operating profit increased by £140 million reflecting strong EBITDA, partially offset by higher depreciation as we continue to invest heavily in our infrastructure.

### Capital investment up 5.1%

- Up by £54.9 million thanks to continued strong delivery into year one of the AMP with gross capital expenditure increasing from £1,081 million to £1,136 million. Capital investment during the period was equivalent to 178% of operating profit and 112% of operating cash flow, highlighting the extent of reinvestment being made to enhance services and infrastructure.
- Capital expenditure is typically lower in the first year of an AMP as companies begin to mobilise the programme. Compared to year 1 of AMP7, expenditure has more than doubled from £448 million. This strong start means we are on track to deliver in line with the Board approved AMP8 plan.

### Operating cash flow up 25.0%

- Up £203 million combining our positive EBITDA with a prior year pension contribution not repeated in the current year.

### Net debt before derivatives up 7.4%

**Anglian Water Services Limited**  
**Full year results for the year ended 31 March 2026**

- Net debt has increased by £572 million as a result of the continuing investment in our capital programme and the accretion of our index-linked debt.
- In line with our de-gearing plan, gearing has reduced from 71.2% to 69.7% as a result of strong growth in RCV and £170 million equity injection from the wider group.

**Dividend**

- A dividend of £75 million was paid in December 2025 following the decision to defer the 2024/25 dividend. In line with our dividend policy, the Directors have proposed a dividend for 2025/26 of £90 million to be paid in June 2026.
- This dividend will be paid out of Anglian Water Services into Anglian Water Group and not to our ultimate shareholders.
- Further details can be found on page 16.

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

	Year ended 31 March 2026	Year ended 31 March 2025
	£m	£m
Operating profit	636.3	496.5
Interest excluding indexation	(221.0)	(221.5)
Indexation on debt	(231.4)	(197.1)
Finance income	37.0	48.2
Adjusted profit/(loss) before tax (as defined in note 6)	220.9	126.1
Fair value gains on derivatives	(96.2)	62.9
Statutory profit before tax	124.7	189.0

The above commentary provides a high-level summary of the movements in the table above. More comprehensive commentary can be found on pages 10 – 15.

**Outcome Delivery Incentive (ODI) Penalty**

- At the end of the first year of AMP8, we are in a net penalty position of £10.50 million<sup>1</sup>, with £52.86 million in reward and £63.36 million in penalties.
- Our year-end ODI position represents a marked improvement on the prior year (net penalty of £41.5 million in 2024/25 (22/23 Prices)), with rewards achieved across several areas including storm overflows, sewer flooding, unplanned outages, bathing water quality, biodiversity, customer experience and business demand.
- While this demonstrates clear progress that the work we are undertaking is driving our performance in the right direction, we are not yet in an overall reward position. We remain committed to delivering further performance improvements and consistent outcomes for customers and the environment.

<sup>1</sup> Correct at time of publication, subject to change. Final ODI position will be available after Ofwat undertakes the in-period determination at the end of the calendar year.

## Anglian Water Services Limited

### Full year results for the year ended 31 March 2026

- The Outcome Adjustment Mechanism (OAM) in place for AMP8 has the potential to change the final ODI position either positively or negatively. Any OAM adjustment will only be known when all companies have reported their regulatory returns in July 2026.

## Delivery and operational highlights 2025/26

### **Competition and Markets Authority (CMA) PR24 Final Redetermination**

- In March 2026, the CMA published its decision on the PR24 redetermination.
- The CMA increased the Cost of Equity from 5.10% in the Ofwat Final Determination (FD) to 5.70%, resulting in a 23 bps uplift to the WACC, which rose from 3.97% in the FD to 4.20%. This adjustment increases AMP8 revenue by £136m.
- Overall, the combined impact of all changes is a +£242m RORE impact and a +£238m revenue impact relative to the Ofwat FD.
- We secured positive outcomes across multiple components of the price control, including a net increase in totex allowances and a material reduction in our AMP8 ODI risk exposure.
- Despite not forming a legal precedent and material changes expected as part of the ongoing wider regulatory reform of the sector, the CMA FD forms a useful reset of several material components of the price review which will increase value relative to the Ofwat FD in several areas and present a positive direction to influence further reform.

### **2026 Cost Change reopener proposals**

- In May we submitted a proposal to Ofwat for approximately £345 million of additional investment across AMP8, focused on improving long-term asset health and supporting regional economic growth.
- The proposed investment would support the resilience of the service we provide to customers and the environment, and support significant additional growth planned across the region during AMP8 and beyond.
- Much of this growth has accelerated following wider Government policy and planning decisions made since the submission of our PR24 business plan, which reinforces the need for additional targeted investment
- This process presents a valuable opportunity to work collaboratively with Ofwat to help unlock the investment needed to improve long-term asset health across the sector.
- These are important first steps in the evolving regulatory framework as the sector moves towards a more integrated approach to regulation.
- We will continue to work collaboratively with Ofwat on our proposals, with a draft response expected in August and a final determination anticipated by year end.
- The proposals are subject to Ofwat addressing concerns regarding the treatment and timing of RCV and revenue as part of these cost change proposals.

### **Regulatory reform**

- Government has continued to work on reforms to water sector regulation. Defra issued a White Paper in January 2026 accepting the majority of the recommendations made by Sir Jon Cunliffe's Independent Water Commission (IWC). A Transition Plan is expected during 2026 setting out how reforms will be delivered, accompanied by updated statutory direction to regulators. A new Water

Reform Bill will be laid before Parliament later in the year to underpin changes to the regulatory framework ahead of PR29.

- Anglian Water has engaged extensively with the IWC, Defra and wider government throughout this process. This has included providing written evidence across multiple issues, participating in Defra's extensive programme of industry roundtables, producing thought leadership publications on the future direction of economic regulation and investability of the water sector with partners such as Oxera, initiating collaborative work with others in the sector on topics such as asset health, and organising workshops, events and site visits to enable government officials to interrogate and understand critical reform issues first-hand.
- In consequence, we see good alignment between our priority positions and emerging government policy.

### **Financial resilience**

- In the last 12 months we raised £920 million of bond financing which supports the wider Anglian Water Group's ongoing investment programme and helps to maintain a prudent long-term debt maturity profile.
- We issued £720 million of new long-term Class A bonds in November 2025, comprising:
  - £420 million 5.375% Class A bond maturing in 2033, priced at 120bps over Gilts; and
  - £300 million 6.250% Class A bond maturing in 2041, priced at 135bps over Gilts.
- Further strengthened liquidity funding sources through a £200 million bond-tap in March 2026 of the existing 5.875% Green Class A bond due 2031, increasing the total size of that bond line to £500 million.
- Received a £170 million equity injection into the company from within the wider group, as the first tranche of the previously announced programme to strengthen the capital structure during AMP8 and support delivery of our de-gearing strategy.
- We also continued to deliver against the capital structure plan outlined in the prior year, closing Year 1 of AMP8 with gearing of 69.7% at Opco and 76.6% at Midco, both improved from the prior year (71.2% and 79.9% respectively) and remain on track against targets.

### **Environmental performance**

- Renewed focus and increased investment in our wastewater performance is delivering early, tangible improvements, as we work towards our long-term ambition to reduce total pollution incidents by 46% and serious pollutions by 72% by 2030.
  - In 2025 we reduced total pollutions by 15% to 371 (2024: 437).
  - However, we saw an increase in serious pollution incidents, rising from 7 in 2024 to 12 in 2025, as performance was influenced by exceptionally dry conditions, which reduce flows in the network.
  - 82% of pollution incidents were linked to three primary root causes: foul sewer blockages, electrical failures, and structural asset failures.
  - While performance is not yet where we want it to be, the overall reduction in total pollutions represents a positive step forward.
- In the 2025 calendar year, storm overflow performance reached its best level to date, with spills reducing by over 60% and the total duration of all spills reducing by more than 80% compared to 2024.

## Anglian Water Services Limited

### Full year results for the year ended 31 March 2026

- Flooding performance improved materially during the year, with repeat sewer flooding incidents almost halved (31 to 17). Targeted investment in high-risk catchments and more proactive network management also drove a 29% reduction in internal sewer flooding from blockages.
- We also achieved our best-ever bathing water results, with 100% of beaches in Lincolnshire, Suffolk, Essex and North Norfolk rated 'Good' or 'Excellent' by the Environment Agency. This year, our region led the way with the highest percentage of 'Excellent' and 'Good' bathing waters in the country.

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

- The last 12 months we began delivery of our largest-ever investment programme, investing more than £1.1 billion across the East of England to strengthen water resilience, support growth and improve environmental performance.
- Strengthened our delivery capability through new strategic partnerships and frameworks supporting our £11 billion AMP8 investment programme and future major infrastructure projects.
  - Launched a new £1.5 billion Major Projects Framework to accelerate delivery of major water and water recycling infrastructure across the region.
- Continued to drive industry-leading leakage performance, reducing leakage by 40% since privatisation through sustained investment and targeted operational activity.
  - Renewed 140.5km of water mains in 2025/26, four times the average annual delivery in AMP7.
  - This step-change in mains renewal supports further leakage reduction, stronger network resilience and more secure supplies for customers and communities.

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

- Achieved our best ever Customer Measure of Experience (C-MeX) result, ranking 4th, up from our previous highest position of 7th during AMP7.
- Supported 398,585 customers in 2025/26 through tailored affordability and care measures, including the launch of the water industry's first medical discount for customers requiring higher water use for treatments such as home dialysis.
- Awarded more than £580,000 through the Anglian Water Assistance Fund and matched over £800,000 of customer payments through the Back on Track scheme.
- Delivered more than £95 million of support to financially vulnerable customers and proactively connected over 8,000 customers to additional benefits support through our Extra Care assessment process.
- We became the first utility company to receive 'Mental Health Accessible' accreditation from the Money and Mental Health Policy Institute, recognising our commitment to accessible, supportive services for customers with mental health problems.
- As part of the Ofwat Flow redress package, we committed to a £5.8m Community Fund, which will be spent on supporting local communities in delivering flooding and pollution mitigations.

#### **Securing water supplies**

- Our smart meter programme has continued at pace, installing over 316,000 in the first year of AMP8, exceeding the number installed in 2024/25 (296,000) and significantly exceeding the Ofwat target of 286,000 installations for the year.

## Anglian Water Services Limited

### Full year results for the year ended 31 March 2026

- Since the smart meter programme was launched in 2016 over 1.4 million smart meters have been connected across our region, with around 64% of customers now benefiting from a working smart meter.
- Since 2021, smart meter insights have helped us identify around 740,000 continuous flows, a key indicator of potential leaks. In 2025/26, smart meters helped us find 207,536 domestic continuous flows of one litre or more per hour. Of these, we worked with customers to fix 161,078 leaks, resolving 69.5 megalitres per day of leakage and plumbing loss.
- We continue to make strong progress on two nationally significant reservoirs in Cambridgeshire (Fens) and Lincolnshire.
  - Fens Reservoir completed a successful third round of public consultation last Autumn and was designated by government as a national 'pathfinder' scheme, recognising its strategic importance to regional growth and water resilience.
  - The DCO application for Fens is scheduled for submission in 2028, with construction expected to begin in AMP9 and the reservoir operational by the late 2030s.
  - Lincolnshire Reservoir continues to progress, with planning and DCO development underway ahead of procurement and delivery activities in AMP9. A third round of public consultation is planned later this year, with the reservoir expected to become operational around 2040.
- Our Strategic Pipeline, the company's largest-ever infrastructure project, will 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 March 2026, the first 27.7km section between Wherstead and Great Horkeley was brought into service, alongside commissioning of the new network control system.
  - To date, 280km of pipeline has been constructed, with all Phase 1 pumping stations and storage reservoirs now under construction.

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

- In March 2025 we launched Safer Every Day, establishing a clear and unified approach to safety across the business and our alliance partners.
- During the year, we have focused on embedding this framework into day-to-day behaviours and leadership, supported by a network of safety champions and the development of more than 200 frontline leaders.
  - We track a range of leading safety indicators to monitor the impact of Safer Every Day. During the year, engagement strengthened, with more than 22,000 near misses raised, 95% close-out rates, and over 790,000 point-of-work risk assessments completed, more than 50% higher than the prior year.
  - Our accident frequency rate remained broadly stable, reflecting a significant increase in hours worked as we mobilised our largest ever capital programme. While this indicates that improvements in outcomes will take time to be realised, the strength of these leading indicators gives us confidence that Safer Every Day is driving the right behavioural changes.
  - We remain focused on reducing incidents and embedding a stronger, more consistent safety culture across the organisation.
- In 2025/26, we recruited around 130 apprentices and 25 graduates, doubling the previous year's intake and strengthening the skills needed to deliver our long-term investment programme.

- Almost 90% of our apprentices continue their careers with Anglian Water, significantly above the national average and reflecting our focus on developing and retaining talent across the business.
- During the year, we continued embedding our Purpose and values across the organisation through our behaviours, recognising colleagues who demonstrated these values in action through our annual Values Awards.

## Principal risks and uncertainties

### Risk appetite

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

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

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

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

For Principal Risks, we review the current risk level and how our controls provide confidence and assurance around our management of that risk. Where a gap exists between our current position and our mitigated aspiration, we instigate new or revised actions to close or reduce any risk gap. Peer review and discussion at the Board and Executive Committee form the basis for establishing our overall principal risk status. There may be occasions when a higher level of risk is acceptable, but this is only in cases where the risks are well understood and can be demonstrably managed. The Board regularly reviews Anglian Water's internal controls and risk management processes, to support its decision making.

### Principal Risks

The Principal Risks centre around the criticality of our infrastructure; the importance of our customers and our people, climate change and the environment, health and safety in our service delivery, cyber security, and our ability to finance our business appropriately. These are reported regularly to the Board, as set out below.

The Board has a responsibility to disclose 'significant failings and weaknesses or areas of concern that have not been resolved by year end'. The Board's interpretation of this requirement is that there is a need to disclose any control failure or omission that, if unchecked, has the potential to result in significant financial, operational, or reputational damage to the business. Additionally, in the 2027 Annual Integrated Report the Board will complete an attestation confirming the effectiveness of the AWS risk and control framework.

At the start of AMP8 we took the opportunity to refresh and re-evaluate our Principal Risks to make sure they fully align to our enterprise strategy. This has resulted in a revised set of Principal Risks which will support Anglian Water throughout AMP8. While these risks were already well-understood, some have now been broken out where they were previously part of a broader risk (for example, cyber security was part of a wider technology risk) to enable greater focus on the issues which could have the most significant impact on the business. Therefore, the Board have reviewed and updated the Principal Risks for Anglian Water to the following:

1. **Asset performance and investment**
2. **Asset resilience**
3. **Changing regulatory landscape**
4. **Climate change adaptation**
5. **Cyber security**
6. **Data quality and accuracy**
7. **Evolving health and safety**
8. **Financeability and investability**
9. **General legislative and regulatory compliance**
10. **Skills and capability requirements**
11. **Supply chain capacity and resilience**
12. **Volume and complexity of capital projects**

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

Flowing on from the Principal Risks, Anglian Water has a further list of Top Tier Risks, the management and oversight of which is vital to the ongoing delivery of our strategic objectives, and a further layer of risks which relate to operational performance and areas of the business which are critical to delivery but have a less significant impact should they materialise. All risks are regularly reviewed, with the frequency determined by the level of risk presented, and all have allocated owners and relevant associated controls.

We conduct horizon scanning to identify any emerging risks that may impact the business. The scope, speed, impact and interdependence of risks are growing, creating further complexity.

## Financial performance

### Anglian Water Services Income statement



Year ended 31 March 2026

	% increase/ (decrease)	2026 £m	2025 £m
<b>Revenue (excluding grants and contributions)</b>	19.4%	<b>1,982.0</b>	<b>1,660.1</b>
Grants and contributions	35.8%	121.1	89.2
Total Revenue	20.2%	2,103.1	1,749.3
Other operating income		11.5	16.8
Operating expenditure (excluding depreciation and amortisation)	19.5%	(1,010.8)	(846.1)
<i>% of Total Revenue</i>		<i>48.1%</i>	<i>48.4%</i>
<b>EBITDA<sup>1</sup></b>	20.0%	<b>1,103.8</b>	<b>920.0</b>
Depreciation and amortisation	10.4%	(467.5)	(423.5)
<i>% of revenue (excluding grants and contributions)</i>		<i>23.6%</i>	<i>25.5%</i>
<b>Operating profit</b>	28.2%	<b>636.3</b>	<b>496.5</b>
<i>Margin</i>		<i>32.1%</i>	<i>29.9%</i>
Interest (excluding indexation)		(221.0)	(221.5)
Indexation charge		(231.4)	(197.1)
Finance income		37.0	48.2
<b>Adjusted profit before tax<sup>1</sup></b>		<b>220.9</b>	<b>126.1</b>
Fair value (losses) / gains on derivatives <sup>2</sup>		(96.2)	62.9
<b>Profit before tax</b>		<b>124.7</b>	<b>189.0</b>
Tax		(27.5)	(52.6)
<b>Profit after tax</b>		<b>97.2</b>	<b>136.4</b>

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

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

## **Revenue**

Revenue, excluding grants and contributions, for the year was £1,982.0 million (2025: £1,660.1 million), or an increase of £321.9 million (19.4%). The net increase in revenue is as a result of the following factors:

- The price increase for customers following the regulatory pricing formula, resulting in a £309.3 million increase. This is reflected in an average increase of 18.4% in dual-service bills.
- A net increase in demand of £20.7 million. Household consumption is up £17.6 million and non-household up £3.1 million, when compared with the prior year due to the hot-dry summer of 2025.
- Other movements in revenue of £8.1 million.

## **Grants and contributions**

Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities for connecting new property developments to the water and sewerage network, and for work on existing infrastructure needed to accommodate development. Increased new property development activity, to which grants and contributions revenue is directly linked, has resulted in revenue rising by £31.9 million to £121.1 million in 2025/26.

## **Other operating income**

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

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

Anglian Water Services operating costs including charges for bad and doubtful debt increased by £164.7 million (19.5%) to £1,010.8 million. These movements are explained in the table below:

<b>March 2025</b>	<b>846.1</b>
Inflation	30.9
<b>Investment in Operational Performance</b>	
Improvements to environmental compliance	52.1
Community Fund	5.8
<b>External / Government Changes</b>	
Increase in National Insurance rates	1.8
Bad Debt	17.0
Regulatory Fees	4.3
<b>Extreme Weather</b>	6.8
<b>Other</b>	
Increase in operating expenditure impact of capital programme	22.0
Increase in prosecution provision	5.4
SAP Migration Costs	6.8
Cost of business restructuring	6.0
Other cost increases	5.8
<b>March 2026</b>	<b>1,010.8</b>

**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.

**Investment in Operational Performance**

In 2025/26 we saw a significant increase in investment in improving our environmental performance. This additional investment was spent on managing increased sludge volumes which are generated from new Water Industry National Environment Programme (WINEP) phosphorus removal assets, reducing sludge volumes on site which risk site compliance and proactive interventions to prevent blockages which can lead to pollution events.

As part of the Ofwat Flow redress package, Anglian Water committed to a £5.8 million Community Fund, which will be spent on supporting local communities in delivering flooding and pollutions mitigations.

### External government charges

From April 2025, the government announced an increase to employers National Insurance contributions from 13.8% up to 15%. The total increase in employer National Insurance is £3.4m, of which £1.8m has been recognised within operating expenditure. The remaining increase principally relates to employee costs directly attributable to capital projects and is therefore capitalised in accordance with the Group's accounting policies rather than recognised within operating expenditure.

The 2025/26 financial year saw a 20% increase in revenues, as set out in the PR24 final determination, which resulted in a corresponding 20% increase in the absolute level of bad debt charge. In addition, the bad debt charge as a percentage of revenue increased during the year due to DEFRA mandated changes to GSS regulation, which required the temporary suspension of credit sharing and collection activities for some customers. In addition, external political factors increased our bad debt provision, including expected rises in inflation and lower forecast household disposable income following the outbreak of the war in Iran, which are expected to adversely affect customers' ability to pay in the future.

We saw increases in discharge permits / Water Industry levies and regulatory fees, over and above inflation, from the Environment Agency (EA) and Ofwat respectively.

### Weather related

Our region experienced one of our driest summers on record resulting in soil moisture deficit throughout the region, high volumes of burst pipes and leakage across our water distribution network, and very high consumption through customer demand. In order to minimise disruption to customers and the environment, there was a significant increase in spend — particularly on burst main repairs and costs of water production.

### Other significant items

Anglian Water provides for prosecution risks when informed of an intent to prosecute by the EA. Following increases in enforcement resources at the EA, we have received an increased volume of intentions to prosecute and therefore increased our provision on the balance sheet.

Anglian Water went live with the first release of its phased transition to SAP S4 Hana. Whilst primarily a capital funded project, costs associated with data migration activities are accounted for as operating costs.

During the year Anglian Water re-shaped the organisation, to more effectively support the increased capital delivery programme through the remainder of AMP8 and into AMP9, and drive efficiency in our corporate functions. Total cost of delivering the restructuring in the year was £6m.

### EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is defined in note [6] and is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 20.0% to £1,103.8 million, which is consistent with the effect of the increases described above.

### Depreciation and amortisation

Depreciation and amortisation is up 10.4% to £467.5 million, primarily as a result of higher fixed asset balances as we construct and commission assets in line with our capital investment programme.

### **Operating profit**

Operating profit has increased by 28.2% to £636.3 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation.

### **Financing costs and profit before tax**

Adjusted net finance costs (excluding fair value gains on financial instruments) were £45.0 million higher than the prior year at £415.4 million. This is primarily a result of the non-cash impact of higher inflation on index-linked debt which increased by £34.3 million to £231.4 million combined with lower interest income.

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

The business is funded based on its embedded cost of debt and relative performance against the iBoxx index. As a result, these non-cash fair value gains and losses do not impact the immediate commercial performance of the business, Ofwat obligations or shareholder distributions during AMP8.

## Taxation

The tax charge for the period comprises:

	Year Ended 31 March 2026 £m	Year Ended 31 March 2025 £m
<b>Current tax:</b>		
In respect of the current period	-	(47.8)
Adjustments in respect of prior periods	95.3	25.6
<b>Total current tax charge/(credit)</b>	<b>95.3</b>	<b>(22.2)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	32.2	96.7
Adjustments in respect of previous periods	(100.0)	(21.9)
<b>Total deferred tax (credit)/charge</b>	<b>(67.8)</b>	<b>74.8</b>
<b>Total tax charge on profit on continuing operations</b>	<b>27.5</b>	<b>52.6</b>

Compared to the same period in the previous year, the total tax charge has decreased by £25.1 million. This is mainly because of the reduction in profit before tax.

In addition to the £27.5 million tax charge on the income statement, there is a credit of £0.6 million (2025: charge of £16.7 million) in the statement of other comprehensive income, in relation to tax on actuarial gains/losses on pension schemes and fair value gains/losses on cash flow hedges.

There is no current tax credit in the current year as the company is carrying forward its losses to be used in a future year. In the prior year, the current tax credit reflects receipts from other group companies in respect of losses surrendered to those companies. The tax losses arise primarily because capital allowances claimed exceed the depreciation charged in the accounts, together with certain income that is not taxable and the availability of tax relief on pension contributions paid during the year. These items are partially offset by disallowable expenditure and interest.

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

The current and deferred tax adjustments in respect of previous periods for both years relate mainly to the agreement of prior year tax computations. In both the current and prior years, decisions were made not to surrender losses from the company to another group company under the group relief provisions of part 5 of the Corporation Taxes Act 2010, and to reverse the current tax credits recognised in previous years. The credit recognised in the year ended 31 March 2023 is reversed in the prior year and the credits recognised in the two years ended 31 March 2024 and 2025 were reversed in the current year. This gives rise to a current tax charge and a deferred tax credit, although in the prior year the amounts were different due to the different rates for current tax and deferred tax in that year.

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

A £75.0 million dividend was paid in the period in relation to performance in 2024/25.

The Directors have proposed a final dividend calculated with reference to performance for the 2025/26 financial year of £90.0 million which will be paid in June 2026. This dividend is in line with the Company's dividend policy which can be found [here](#). The maximum available dividend was adjusted to reflect service delivery for customers and the environment. There are no plans for this dividend to be paid to the ultimate shareholders of Anglian Water Group Limited.

These dividends were paid and proposed against a backdrop of a £170 million equity injection into the company from within the Group on 26 March 2026, and a £500 million committed equity injection from our ultimate shareholders into the wider Group. Through these capital injections the company continues to benefit from the strong support of shareholders.

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

### **Delivery of our AMP8 capital investment programme**

This year was the first year in the five-year AMP8 investment programme, our largest ever. Delivery against this investment programme has started strong with gross annual capital expenditure across the appointed business increasing from £1,081 million in 2025/26, to £1,136 million in 2025/26 (£438 million on capital maintenance, £698 million on capital enhancement). This level of expenditure is notable given that investment in the first year of an AMP is typically lower as projects get started. By comparison, expenditure in year 1 of AMP 7 saw spend of £448 million, less than half of the current year.

This has resulted in an £830 million increase in property, plant and equipment and intangible assets, net of depreciation.

### **Financial needs and resources**

At 31 March 2026, Anglian Water had borrowings net of cash of £8,293.1 million (excluding the fair value of derivative financial instruments), an increase of £572.0 million from 31 March 2025. The increase in net borrowings primarily reflects accretion on index-linked debt and capital expenditure.

During the period, there were new issuances of £420 million 5.375% fixed rate 2033, £300 million 6.25% fixed rate 2041 and £200 million bond tap on 5.875% fixed rate 2031. The funds were partially used to repay £250 million 1.625% fixed rate 2025, £200 million 4.50% fixed rate 2026, £200 million 6.625% fixed rate 2029 and £94.9 million amortising debt repayments.

### **Liquidity**

The Group's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. Daily cash management is undertaken to calculate cash position and dealing requirements, and weekly and monthly cash forecasts are prepared to demonstrate short/medium-term liquidity, covenant compliance and to inform investment strategy. Regular meetings are held with cash

**Anglian Water Services Limited**  
**Full year results for the year ended 31 March 2026**

forecasters, to understand cash variances and challenge latest forecasts. Consolidated cash forecasts are presented to the Finance, Treasury and Energy Policy Group on a regular basis.

The business generates operating cash flows to finance the day-to-day operations of the Group, liquidity risk therefore relates to the ability to attract debt and equity investment to fund the enhancement programme set out in Business Plan and refinance existing debt. Both the allowed return on investment and the recovery of RCV included within revenues give management comfort as to the long-term viability of the Group.

The Group has undrawn borrowing facilities of £1,540.0 million (2025: £1,382.5 million).

**Interest rates**

The company's policy, as agreed by the Board, is to achieve a balanced mix of funding to inflation-linked, fixed and floating rates of interest. At 31 March 2026, taking into account interest rate swaps, 65.1% (March 2025: 55.8%) of the company's borrowings were at rates indexed to inflation, 23.3% (March 2025: 31.9%) were at fixed rates and 11.6% (March 2025: 12.3%) were at floating rates. At 31 March 2026, the proportion of inflation debt to regulated capital value was 49.4% (March 2025: 44.8%).

**Pension funding**

At 31 March 2026, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £93.1 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 partially offset by a decrease in our assets which are hedging gilt based liabilities.

**Anglian Water Services Limited**  
**Group Income Statement**  
**For the year ended 31 March 2026**

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Revenue</b>	<b>2,103.1</b>	1,749.3
Other operating income	<b>11.5</b>	16.8
Operating costs		
Operating costs before depreciation, amortisation and loss allowance for expected credit losses	<b>(956.6)</b>	(809.8)
Depreciation and amortisation	<b>(467.5)</b>	(423.5)
Loss allowance for expected credit losses	<b>(54.2)</b>	(36.3)
Total operating costs	<b>(1,478.3)</b>	(1,269.6)
<b>Operating profit</b>	<b>636.3</b>	496.5
Finance costs	<b>(452.4)</b>	(418.6)
Finance income	<b>37.0</b>	48.2
Fair value (losses)/gains on derivative financial instruments	<b>(96.2)</b>	62.9
3 Net finance costs	<b>(511.6)</b>	(307.5)
Profit before tax from continuing operations		
Gains before fair value gains on derivative financial instruments <sup>1</sup>	<b>220.9</b>	126.1
Fair value (loss)/gain on derivative financial instruments	<b>(96.2)</b>	62.9
<b>Profit before tax from continuing operations</b>	<b>124.7</b>	189.0
4 Tax charge	<b>(27.5)</b>	(52.6)
<b>Profit for the year from continuing operations</b>	<b>97.2</b>	136.4

**Anglian Water Services Limited**  
**Group Statement of Comprehensive Income**  
**For the year ended 31 March 2026**

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Profit for the year</b>	<b>97.2</b>	136.4
<b>Other comprehensive expense</b>		
<b>Items that will not be reclassified to income statement</b>		
Actuarial (losses)/gains on retirement benefit	<b>(4.2)</b>	29.1
Income tax on items that will not be reclassified	<b>1.0</b>	(7.3)
	<b>(3.2)</b>	21.8
<b>Items that may be reclassified subsequently to income statement</b>		
(Losses)/gains on cash flow hedges recognised in equity	<b>(4.5)</b>	23.3
Losses on cost of hedging recognised in equity	<b>(1.1)</b>	(3.9)
Gains on cash flow hedges transferred to income statement	<b>7.8</b>	18.2
Income tax on items that may be reclassified	<b>(0.4)</b>	(9.4)
	<b>1.8</b>	28.2
<b>Other comprehensive (expense)/income for the year, net of tax</b>	<b>(1.4)</b>	50.0
<b>Total comprehensive income for the year</b>	<b>95.8</b>	186.4

**Anglian Water Services Limited**  
**Group balance sheet**  
**For the year ended 31 March 2026**

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Non-current assets</b>		
Intangible assets	494.9	317.3
Property, plant and equipment	12,766.8	12,114.2
Derivative financial instruments	111.1	168.3
Retirement benefit surplus	118.3	115.9
	<b>13,491.1</b>	<b>12,715.7</b>
<b>Current assets</b>		
Inventories	23.8	20.9
Trade and other receivables	760.7	658.2
Investments - cash deposits	200.0	430.0
Cash and cash equivalents	552.9	589.0
Derivative financial instruments	15.7	0.9
	<b>1,553.1</b>	<b>1,699.0</b>
<b>Total assets</b>	<b>15,044.2</b>	<b>14,414.7</b>
<b>Current liabilities</b>		
Trade and other payables	(745.7)	(701.4)
Borrowings	(489.1)	(704.5)
Derivative financial instruments	(1.7)	(8.3)
Provisions	(4.4)	(4.4)
	<b>(1,240.9)</b>	<b>(1,418.6)</b>
<b>Net current assets</b>	<b>312.2</b>	<b>226.4</b>
<b>Non-current liabilities</b>		
Borrowings	(8,556.9)	(8,035.6)
Derivative financial instruments	(833.2)	(781.6)
Deferred tax liabilities	(1,624.9)	(1,693.3)
Retirement benefit deficit	(25.2)	(26.6)
Amounts owed to group undertakings	(149.3)	(54.0)
Provisions	(21.2)	(3.2)
	<b>(11,210.7)</b>	<b>(10,594.3)</b>
<b>Total liabilities</b>	<b>(12,451.6)</b>	<b>(12,012.9)</b>
<b>Net assets</b>	<b>2,592.6</b>	<b>2,401.8</b>

*Continued on the next page.*

**Anglian Water Services Limited**  
**Group balance sheet (continued)**  
**For the year ended 31 March 2026**

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Capital and reserves</b>		
Share capital	32.0	32.0
Share premium	1,335.0	1,165.0
Retained earnings	1,181.1	1,162.1
Hedging reserve	48.6	46.0
Cost of hedging reserve	(4.1)	(3.3)
<b>Total equity</b>	<b>2,592.6</b>	<b>2,401.8</b>

**Anglian Water Services Limited**  
**Group statement of changes in equity**  
**For the year ended 31 March 2026**

Notes	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
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)						
Actuarial gain on retirement benefit obligations	-	-	29.1	-	-	29.1
Income tax charge on items that will not be reclassified	-	-	(7.3)	-	-	(7.3)
Gain on cash flow hedges	-	-	-	23.3	-	23.3
Losses on cost of hedging relationships	-	-	-	-	(3.9)	(3.9)
Amounts on cash flow hedges transferred to income statement	-	-	-	18.2	-	18.2
Deferred tax movement on hedging reserves	-	-	-	(10.4)	1.0	(9.4)
	-	-	21.8	31.1	(2.9)	50.0
Total comprehensive income/(expense)	-	-	158.2	31.1	(2.9)	186.4
5 Dividends	-	-	(88.6)	-	-	(88.6)
At 31 March 2025	32.0	1,165.0	1,162.1	46.0	(3.3)	2,401.8
Profit for the year	-	-	97.2	-	-	97.2
Other comprehensive income/(expense)						
Actuarial loss on retirement benefit obligations	-	-	(4.2)	-	-	(4.2)
Income tax credit on items that will not be reclassified	-	-	1.0	-	-	1.0
Loss on cash flow hedges	-	-	-	(4.5)	-	(4.5)
Losses on cost of hedging relationships	-	-	-	-	(1.1)	(1.1)
Amounts on cash flow hedges transferred to income statement	-	-	-	7.8	-	7.8
Deferred tax movement on hedging reserves	-	-	-	(0.7)	0.3	(0.4)
	-	-	(3.2)	2.6	(0.8)	(1.4)
Total comprehensive income/(expense)	-	-	94.0	2.6	(0.8)	95.8
Issue of shares	-	170.0	-	-	-	170.0
5 Dividends	-	-	(75.0)	-	-	(75.0)
<b>At 31 March 2026</b>	<b>32.0</b>	<b>1,335.0</b>	<b>1,181.1</b>	<b>48.6</b>	<b>(4.1)</b>	<b>2,592.6</b>

**Anglian Water Services Limited**  
**Cash flow statement**  
**for the year ended 31 March 2026**

Notes	<b>Group</b>		<b>Company</b>		
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	
	<b>31 March 2026</b>	<b>31 March 2025</b>	<b>31 March 2026</b>	<b>31 March 2025</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
	<b>Operating activities</b>				
	Operating profit	<b>636.3</b>	496.5	<b>636.3</b>	496.5
	Adjustments for:				
	Depreciation and amortisation	<b>467.5</b>	423.5	<b>467.5</b>	423.5
	Assets adopted for £nil consideration	<b>(39.1)</b>	(34.0)	<b>(39.1)</b>	(34.0)
	Profit on disposal of property, plant and equipment	<b>(1.1)</b>	-	<b>(1.1)</b>	-
	Difference between pension charge and cash contributions	<b>(1.5)</b>	(27.3)	<b>(1.5)</b>	(27.3)
	Net movement in provisions	<b>8.6</b>	(2.4)	<b>8.6</b>	(2.4)
	Working capital:				
	(Increase)/decrease in inventories	<b>(2.9)</b>	(3.0)	<b>(2.9)</b>	(3.0)
	Increase in trade and other receivables	<b>(96.6)</b>	(39.6)	<b>(96.6)</b>	(35.2)
	Increase/(decrease) in trade and other payables	<b>42.8</b>	(2.4)	<b>33.9</b>	(40.8)
	Cash generated from operations	<b>1,014.0</b>	811.3	<b>1,005.1</b>	777.3
	Income taxes paid	-	-	-	-
	<b>Net cash flows from operating activities</b>	<b>1,014.0</b>	811.3	<b>1,005.1</b>	777.3
	<b>Investing activities</b>				
	Purchase of property, plant and equipment	<b>(920.3)</b>	(960.1)	<b>(920.3)</b>	(960.1)
	Purchase of intangible assets	<b>(218.2)</b>	(109.6)	<b>(218.2)</b>	(109.6)
	Proceeds from disposal of property, plant and equipment	<b>3.6</b>	1.5	<b>3.6</b>	1.5
	Interest received	<b>31.8</b>	46.1	<b>29.5</b>	44.1
	Proceeds from maturity of deposits	<b>695.0</b>	1,150.0	<b>695.0</b>	1,150.0
	Decrease in short-term bank deposits	<b>(465.0)</b>	(1,050.0)	<b>(465.0)</b>	(1,050.0)
	<b>Net cash used in investing activities</b>	<b>(873.2)</b>	(922.1)	<b>(875.4)</b>	924.1
	<b>Financing activities</b>				
	Interest paid	<b>(332.4)</b>	(235.8)	<b>(332.4)</b>	(235.8)
	Debt issue costs paid	<b>(11.8)</b>	(25.6)	<b>(11.8)</b>	(25.6)
	Interest paid on leases	<b>(0.9)</b>	(1.0)	<b>(0.9)</b>	(1.0)
	Proceeds from amounts borrowed	<b>920.0</b>	950.0	<b>920.0</b>	950.0
	Repayment of amounts borrowed	<b>(744.9)</b>	(349.3)	<b>(744.9)</b>	(349.3)
	Repayment of principal on derivatives	<b>(100.7)</b>	(85.0)	<b>(100.7)</b>	(85.0)
	Receipt of principal on derivatives	<b>4.7</b>	67.1	<b>4.7</b>	67.1
	Repayment of principal on leases	<b>(6.0)</b>	(6.4)	<b>(6.0)</b>	(6.4)
	Dividends paid	<b>(75.0)</b>	(88.6)	<b>(75.0)</b>	(88.6)
	Proceeds from issue of ordinary shares	<b>170.0</b>	-	<b>170.0</b>	-
	<b>Net cash (used)/from financing activities</b>	<b>(177.0)</b>	225.4	<b>(177.0)</b>	225.4
	<b>Net increase in cash and cash equivalents</b>	<b>(36.1)</b>	114.6	<b>(47.2)</b>	78.6
	<b>Cash and cash equivalents at 1 April</b>	<b>589.0</b>	474.4	<b>550.7</b>	472.1
	<b>Cash and cash equivalents at 31 March</b>	<b>552.9</b>	589.0	<b>503.5</b>	550.7

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

**1. Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all of the years presented and are applicable to both Group and Company.

**a) Preparation of the preliminary announcement**

The financial information in this statement does not constitute the Company's statutory accounts for the years ended 31 March 2026 or 31 March 2025 but is derived from those accounts. Statutory accounts for 2025 have been delivered to the Registrar of Companies, and those for 2026 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

This preliminary announcement was approved by the Board of Directors on 9 June 2026

**b) Basis of accounting**

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

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

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

**c) Basis of preparation**

**Going concern**

In preparing the financial statements, the Directors considered the Company's ability to meet its debts as they fall due for a period of one year from the date of this report.

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

The base forecast, which has been updated for the latest internal and external information has been subjected to a range of severe but plausible downside scenarios aligned to the risks facing the business. 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 downside scenarios.

**Assessment period**

Management have considered the appropriate assessment period taking into account all available information. Whilst management note an on-going requirement to raise debt given the business model, management believe the business has sufficient access to capital markets and therefore they do not believe there to be a need to extend the period any further than 12 months.

The Directors are satisfied that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, even under the severe but plausible downside scenarios considered.

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

**2. Segmental information**

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

### 3. Net finance costs

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Finance income</b>		
Interest income on short-term bank deposits	31.8	46.1
Defined benefit pension scheme interest	5.2	2.1
	<b>37.0</b>	<b>48.2</b>
<b>Finance costs</b>		
Interest expense on bank loans and overdrafts	(11.9)	(12.8)
Interest expense on other loans including financing expenses	(320.2)	(287.2)
Indexation of loan stock	(231.4)	(197.1)
Amortisation of debt issue costs	(7.0)	(4.5)
Interest on leases	(0.9)	(1.0)
Unwinding of discount on provision	1.1	(0.1)
Total finance costs	(570.3)	(502.7)
Less: amounts capitalised on qualifying assets	117.9	84.1
	<b>(452.4)</b>	<b>(418.6)</b>
<b>Fair value (losses) / gains on derivative financial instruments</b>		
Hedge ineffectiveness on fair value hedges <sup>(1)</sup>	1.7	1.2
Derivative financial instruments not designated as hedges	(97.3)	64.2
Recycling of de-designated cash flow hedge relationship	(0.6)	(2.5)
	<b>(96.2)</b>	<b>62.9</b>
<b>Finance costs, including fair value (losses) / gains on derivative financial instruments</b>	<b>(548.6)</b>	<b>(355.7)</b>
<b>Net finance costs</b>	<b>(511.6)</b>	<b>(307.5)</b>

(1) Indexation comprise of £130.4 million in borrowings (2025: £123.9 million) and £101.0 million in derivatives (2025: £73.2 million).

(2) Hedge ineffectiveness on fair value hedges comprises fair value gains on hedging instruments of £6.3 million (2025: gains of £14.0 million), offset by fair value losses of £4.6 million on hedged risks (2025: losses of £12.8 million).

#### 4. Taxation

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Current tax:</b>		
In respect of the current period	-	(47.8)
Adjustments in respect of prior periods	95.3	25.6
<b>Total current tax charge/(credit)</b>	<b>95.3</b>	<b>(22.2)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	32.2	96.7
Adjustments in respect of previous periods	(100.0)	(21.9)
<b>Total deferred tax (credit)/charge</b>	<b>(67.8)</b>	<b>74.8</b>
<b>Total tax charge on profit from continuing operations</b>	<b>27.5</b>	<b>52.6</b>

There is no current tax credit in the current year as the company is carrying forward its losses to be used in a future year. In the prior year, the current tax credit reflects receipts from other group companies in respect of losses surrendered to those companies. The tax losses arise primarily because capital allowances claimed exceed the depreciation charged in the accounts, together with certain income that is not taxable and the availability of tax relief on pension contributions paid during the year. These items are partially offset by disallowable expenditure and interest.

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

The current and deferred tax adjustments in respect of previous periods for both years relate mainly to the agreement of prior year tax computations. In both the current and prior years, decisions were made not to surrender losses from the company to another group company under the group relief provisions of part 5 of the Corporation Taxes Act 2010, and to reverse the current tax credits recognised in previous years. The credit recognised in the year ended 31 March 2023 is reversed in the prior year and the credits recognised in the two years ended 31 March 2024 and 2025 were reversed in the current year. This gives rise to a current tax charge and a deferred tax credit, although in the prior year the amounts were different due to the different rates for current tax and deferred tax in that year.

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

#### 4. Taxation (continued)

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

The tax charge on the Group's profit before tax differs from the notional amount calculated by applying the rate of UK corporation tax of 25% (2025: 25%) to the profit before tax from continuing operations as follows:

	Year ended <b>31 March</b> <b>2026</b> £m	Year ended 31 March 2025 £m
Profit before tax from continuing operations	<b>124.7</b>	189.0
Profit before tax from continuing operations at the standard rate of corporation tax in the UK of 25% (2025: 25%)	<b>31.2</b>	47.3
Effects of recurring items:		
Depreciation and losses on assets not eligible for tax relief	<b>0.8</b>	1.1
Disallowable expenditure	<b>0.2</b>	0.5
	<b>32.2</b>	48.9
Effects of non-recurring items:		
Adjustments in respect of prior periods	<b>(4.7)</b>	3.7
<b>Tax charge for the year</b>	<b>27.5</b>	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:

#### 4. Taxation (continued)

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Deferred tax:</b>		
Defined benefit pension schemes	(1.0)	7.3
Cash flow hedges	0.4	9.4
<b>Total deferred tax (credit)/charge</b>	<b>(0.6)</b>	<b>16.7</b>
<b>Total tax (credit)/charge recognised in other comprehensive income</b>	<b>(0.6)</b>	<b>16.7</b>

#### 5. Dividends

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Paid by the group:		
Previous year final dividend	75.0	88.6
	<b>75.0</b>	<b>88.6</b>

During the year ended 31 March 2026, dividends of £75.0 million (£2.34 per share) were paid by the Company to its immediate parent undertaking, Anglian Water Services UK Parent Co Limited (2025: £88.6 million at £2.77 per share).

## 6. Alternate performance measures

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

### a) EBITDA

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

	<b>Group</b>	
	<b>2026</b>	2025
	<b>£m</b>	£m
<b>EBITDA</b>	<b>1,103.8</b>	920.0
Net finance costs	<b>(511.6)</b>	(307.5)
Tax charge	<b>(27.5)</b>	(52.6)
Depreciation & amortisation	<b>(467.5)</b>	(423.5)
Profit for the period	<b>97.2</b>	136.4

### b) Adjusted finance costs

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

	<b>Group</b>	
	<b>2026</b>	2025
	<b>£m</b>	£m
<b>Adjusted finance costs</b>	<b>(415.4)</b>	(370.4)
Fair value (losses) / gains on derivative financial instruments	<b>(96.2)</b>	62.9
Net Finance costs, including fair value gains on derivative financial instruments	<b>(511.6)</b>	(307.5)

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

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

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

	<b>Group</b>	
	<b>2026</b>	2025
	<b>£m</b>	£m
<b>Adjusted profit before tax/Profit before fair value gains</b>	<b>220.9</b>	126.1
Tax charge	<b>(27.5)</b>	(52.6)
Fair value (losses) / gains on derivative financial instruments	<b>(96.2)</b>	62.9
Profit for the period	<b>97.2</b>	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.

	<b>Group</b>	
	<b>2026</b>	2025
	<b>£m</b>	£m
Net cash and cash equivalents	<b>552.9</b>	589.0
Current asset investments	<b>200.0</b>	430.0
Borrowings	<b>(9,046.0)</b>	(8,740.1)
Net debt excluding derivatives	<b>(8,293.1)</b>	(7,721.1)
Derivatives	<b>(708.1)</b>	(620.7)
Less: energy derivatives	<b>(10.6)</b>	0.7
Adjusted net debt	<b>(9,011.8)</b>	(8,341.1)

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

e) Interest cover

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

	<b>Group</b>	
	<b>2026</b>	2025
	<b>£m</b>	£m
Operating cash	<b>1,014.0</b>	811.3
RCV run off	<b>(502.9)</b>	(501.5)
	<b>511.1</b>	309.8
Interest cash	<b>(274.4)</b>	(180.2)
Interest cover	<b>1.9</b>	1.7

f) Capital investment

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

	<b>Group</b>	
	<b>2026</b>	2025
	<b>£m</b>	£m
PPE additions	<b>1,062.0</b>	1,067.5
Intangible additions	<b>237.5</b>	117.5
Capitalised interest	<b>(117.9)</b>	(84.1)
Adopted assets	<b>(39.1)</b>	(34.0)
Non-appointed business	<b>(1.0)</b>	(1.0)
Items shown as stock	<b>(6.0)</b>	14.7
<b>Capital investment</b>	<b>1,135.5</b>	1,080.6