

The background image is a scenic view of a river flowing through a landscape. In the foreground, a metal bridge structure is visible, with its beams and supports extending over the water. The river flows from the background towards the foreground, reflecting the sky. On the left bank, there are trees and a path. On the right bank, there is a grassy field and a path. The sky is blue with some clouds.

# Affinity Water

## Annual Investor Report

Affinity Water Limited ('Affinity Water')

Twelve Month period ended 31 March 2025

Published 29 July 2025



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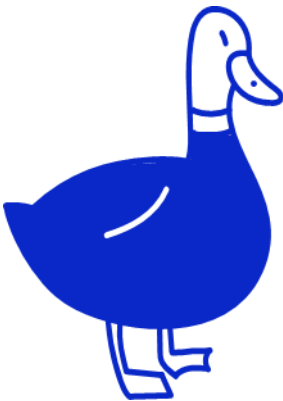
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# Affinity Water at a glance



We are the largest 'Water Only' company in England. That means we supply clean water to our customers, but we do not collect or treat wastewater or sewage.

We own and manage the water assets and network in an area of approximately 4,500km<sup>2</sup> across three supply regions in South East England. We have been supplying water to our local communities for more than 170 years.

## Operational performance

**943Ml/d** Daily amount of drinking water supplied [FY24: 937Ml/d]

**3.99m** Customers served [FY24: 3.90m]

**1.52m** Household properties connected [FY24: 1.51m]

**17,042km** Length of mains network [FY24: 16,989km]

**90** Number of water treatment works [FY24: 90]

**1,462** Number of employees [FY24: 1,430]

## ESG performance

**51,096** Scope 1 and 2 Carbon emissions tCO<sub>2</sub>e [FY24: 50,049 tCO<sub>2</sub>e]

**8.1** Employee engagement score [FY24: 7.7]

**1,954mWh** Renewable energy usage [FY24: 1,599mWh]

## Purpose

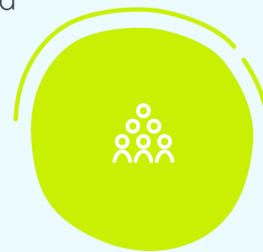
Our purpose is to provide high-quality drinking water for our customers and take care of the environment, for our diverse communities now and in the future

Our vision is to lead the way

We are customer focused



We do the right thing



We work as one team



### **Leave the environment in a sustainable and measurably improved state.**

We will work with our customers and communities to restore the environment to a sustainable state where it can regenerate itself, so it can continue to provide its assets and services to support current and future generations who will enjoy its natural wealth.

### **Work with our communities to create value for the local economy and society.**

Create a collaborative relationship with all our communities, allowing us to act together with common purpose to deliver a society and environment that are mutually sustainable.

### **Be prepared for change, and resilient to shocks and stresses.**

We will invest with our stakeholders to create a more resilient community able to cope with, and respond to, an increasingly uncertain future.

### **Deliver what our customers need, ensuring affordability for all.**

We will develop a constructive, collaborative relationship with our customers that enables us to work together to deliver for the future.



# Financial Highlights

Financial results for the year ended 31 March 2025

|                                                                  |                                     |
|------------------------------------------------------------------|-------------------------------------|
| Revenue (£m)                                                     | <b>363.6</b><br>Mar 2024: 347.7     |
| Loss for the Period (£m)                                         | <b>[16.8]</b><br>Mar 2024: [34.9]   |
| Regulatory Capital Value [RCV] (£m)                              | <b>1,920.2</b><br>Mar 2024: 1,851.1 |
| Senior Net Indebtedness (£m)                                     | <b>1,478.3</b><br>Mar 2024: 1,382.3 |
| Gearing [%]                                                      | <b>77.0%</b><br>Mar 2024: 74.7%     |
| Equity Commitment<br>Legally Binding and unconditional agreement | <b>150m</b><br>c.7% of RCV          |
| Conformed Senior Adjusted ICR                                    | <b>2.2x</b><br>Mar 2024: 1.6x       |

# Our Customer Outcomes

**Our Business Plan for 2025-30 is ambitious with some stretching targets. Over the next five years, we will deliver a £2.3 billion investment programme, designed to make sure we continue to provide high-quality, sustainable and affordable water services.**



## Customers

**Deliver what our customers need, ensuring affordability for all.**

### Commitments

- Install 400,000 smart meters to help customers control their usage.
- Deliver a substantial programme of water quality treatment upgrades.
- Expand the rising block tariff trial to support more customers with lower bills and reducing demand.
- Provide a broad package of support for customers struggling to pay, including payment plans to spread costs out.



## Communities

**Work with our communities to create value for the local economy and society.**

### Commitments

- Develop our public value positioning and enhance our programme of collaborative working.
- Increase river enhancement opportunities to support biodiversity and flood management within the Colne Valley.
- Provide funding for community projects and support local communities and charities by promoting staff volunteer days.
- Improve our visitors' experience by enhancing our public access sites, including third party provision of catering and water sports, improving accessibility and working to responsibly manage vegetation to improve the appearance and accessibility of our sites.



## Resilience

**Be prepared for change, and resilient to shocks and stresses.**

### Commitments

- Protect key assets from single point failures by allocating investment to address emergent risks. Our Connect 2050 schemes will also enhance supply resilience and support our Water Resources Management Plan (WRMP) and Water Industry National Environment Programme (WINEP) sustainability reduction plans
- Increase network calming to help reduce leakage and the cost of investing in replacement pipes.
- Collaborate with our partners, communities and stakeholders to develop the Grand Union Canal Transfer scheme, which will deliver a sustainable and reliable water supply for the future.
- Reduce total water demand by 50 million litres a day in 2030 from a 2025 baseline (4.5% reduction in total demand).

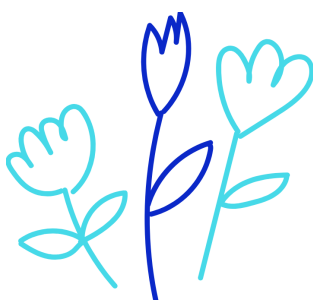


## Environment

**Leave the environment in a sustainable and measurably improved state.**

### Commitments

- Reduce operational carbon emissions by investing in energy efficiency, transitioning to electric vehicles and delivering carbon literacy training.
- Deliver a programme of catchment and nature-based solutions to improve the wider river environment, including river restoration schemes.
- Deliver an investment programme that reduces the water taken from chalk aquifers by 35 million litres per day in the next five years, and delivering a new 10 ML storage reservoir at our Hadham site.
- Deliver £95 million of leakage reduction (31% overall reduction) by investing in new technologies to find and fix leaks faster, as well as expanding our pressure management programme to help prevent new leaks occurring.





# Operational Performance Highlights

## Final year of our 2020-2025 business plan

Every five years, water companies produce business plans that set out the performance commitments they will make over a five-year period. These plans are shaped by customers and other stakeholders, based on what they want their water company to achieve and are approved by our regulators.

### Link to remuneration



Supplying high-quality water you can trust



Making sure you have enough water, whilst leaving more water in the environment



Providing a great service that you value



Minimising disruption to you and your community

### Trend



Improving performance



Declining performance



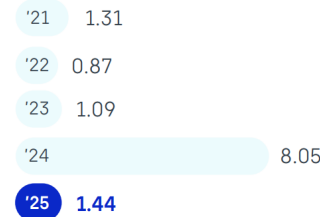
Target met



Target not met

### Water quality

Compliance Risk Index ('CRI') score



#### Performance



Actual: 1.44  
Deadband  
Target: 2.0

#### Customer outcome



Linked to remuneration

### Water Quality

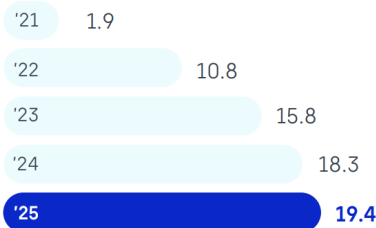
Compliance Risk Index (CRI)

The Compliance Risk Index ('CRI') is a measure to inform the risk arising from treated water compliance failures.

In 2025, we saw a significant improvement in our CRI score from 2024, improving from 8.05 to 1.44, and back to the levels seen in the first three years of AMP7.

### Leakage reduction

Percentage reduction



#### Performance



Actual: 19.4%  
Target: 20% or more

#### Customer outcome



Linked to remuneration

### Leakage

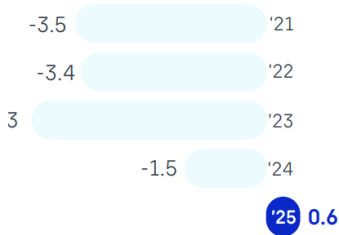
Average Annual water leakage (Ml/d)

This measure is reported as a percentage reduction in a three-year average of leakage against a baseline level of 2019/20.

Whilst we have fallen slightly short of our targeted 20% reduction in the three-year rolling average, we have managed to increase our percentage reduction from 18.3% at the end of 2023/24 to 19.4% at the end of 2024/25.

## PCC

Average water use percentage change from 2019/20 baseline



### Performance

Actual: 0.6% reduction  
Target: 12.5% reduction

### Customer outcome

Linked to remuneration

## Per Capita Consumption

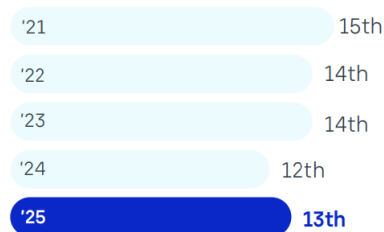
Average water use percentage change from 2019/20

The performance commitment aims to incentivise us to help customers reduce their water consumption.

The water reduction in our three-year rolling average period has continued to come down from -1.5% in 2023/24 to -0.6% in 2024/25. We are determined to drive per capita consumption down with the continuation of demand activities and the introduction of new initiatives.

## C-MeX

[Score]



### Performance

Actual: 70.10 (13 of 17)  
Target: league table position

### Customer outcome

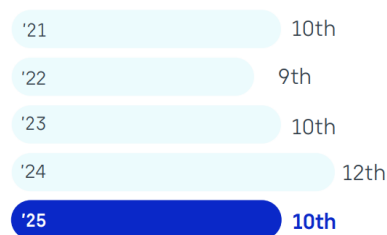
Linked to remuneration

## Customer Measure of Experience Score

This customer focused performance commitment measures direct customer feedback on satisfaction with our services. We dropped one position to 13th place in our C-Mex score. We recognise that customers are expressing dissatisfaction with a broad range of issues within the water industry, which includes price increases and leakage. Customers expect faster resolution times for all services. We are committed to enhancing customer satisfaction through a series of strategic initiatives which will significantly improve our performance going forward.

## D-MeX

[Score]



### Performance

Actual: 89.50 (10 of 17)  
Target: league table position

### Customer outcome

Linked to remuneration

## Developer Measure of Experience Score

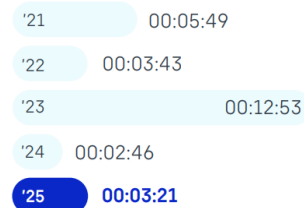
D-MeX is the measure of levels of service in the developer services area of activity. The index score is made up of both a qualitative and a quantitative element.

Our D-MeX performance has gradually improved throughout this year. We know that proactive communication, delivering against timescales and quality of works are key service elements for our customers. We have shown improvements throughout this year and look forward to continued improvements.



## Water supply interruptions >3 hours

(Average minutes per property, water supply interruption)



### Performance

Actual: 3 minutes 21 seconds  
Target: 5 minutes 0 seconds

### Customer outcome

Linked to remuneration

## Water supply interruptions >3 hours

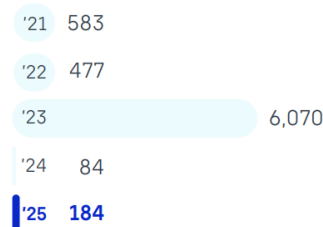
Average minutes per property, water supply interruption

Performance during the 2024/25 reporting year has remained very good, keeping us below our target of 5 minutes for the year. We prioritise restoration of supply over repair and ensuring that disruptions to our customers are kept to a minimum.

We continue to respond to events rapidly, remain committed to maintaining good asset health, while also optimising our network and assets.

## Unplanned interruptions to supply over 12 hours

(Number of properties)



### Performance

Actual: 184  
Target: 320 or less

### Customer outcome

Linked to remuneration

## Unplanned interruptions to supply over 12 hours

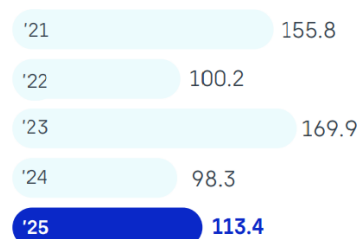
Number of properties

The unplanned interruptions >12 hours measure is our second supply interruption performance commitment.

The improvements seen in our average minutes metric have also been reflected in unplanned interruptions >12 hours.

## Mains repairs (due to bursts)

(Number per 1,000km mains)



### Performance

Actual: 113.4  
Target: 142.3

### Customer outcome

Linked to remuneration

## Mains Repairs (due to bursts)

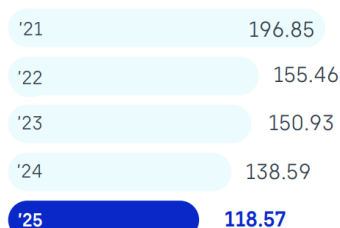
Number per 1,000km mains

We have outperformed our target this year on the number of repairs per 1000km of mains, achieving 113.4 repairs against a score of no more than 142.3.

We continue to invest in the proactive replacement of mains pipes and adopt new ways of working to improve our performance.

## Properties at risk of low pressure

(Number per 10,000 properties)



### Performance

Actual: 118.569  
Target: 1.118

### Customer outcome

Linked to remuneration

## Properties at risk of low pressure

Per 10,000 properties

The low pressure performance commitment measures the number of properties at risk of receiving water pressure below the prescribed standard per 10,000 properties.

We continue to consider that the measurement of the performance commitment is not reliable or comparable with peers across the industry.

We have not achieved the target for this performance commitment since it was introduced. Our average minutes metric provides more indication of the impact felt by our customers.

# Financial Performance

## Financial results for the year ended 31 March 2025

|                                                    | 2025            | 2024            |
|----------------------------------------------------|-----------------|-----------------|
|                                                    | £000            | £000            |
| Revenue                                            | 363,595         | 347,651         |
| Cost of sales                                      | [298,099]       | [299,689]       |
| <b>Gross profit</b>                                | <b>65,496</b>   | <b>47,962</b>   |
| Administrative expenses                            | [42,813]        | [38,994]        |
| Impairment losses on financial and contract assets | [9,618]         | [8,297]         |
| Other income                                       | 20,168          | 21,104          |
| <b>Operating profit</b>                            | <b>33,233</b>   | <b>21,775</b>   |
| Finance income                                     | 16,636          | 20,379          |
| Finance costs                                      | [78,255]        | [90,501]        |
| Fair value gain on inflation swaps                 | 14,259          | 15,761          |
| Fair value loss on interest swaps                  | [3,524]         | -               |
| <b>Net finance costs</b>                           | <b>[50,884]</b> | <b>[54,361]</b> |
| Fair value gain/(loss) on energy swaps             | 1,426           | [13,075]        |
| <b>[Loss] before tax</b>                           | <b>[16,225]</b> | <b>[45,661]</b> |
| Income tax credit/(expense)                        | [580]           | 10,798          |
| <b>[Loss] for the year</b>                         | <b>[16,805]</b> | <b>[34,863]</b> |



## Revenue

Revenue for the year increased by £15.9 million, [4.6%] to £363.6 million [2024: £347.7 million], primarily driven by inflationary tariff increases and increase in customer numbers.

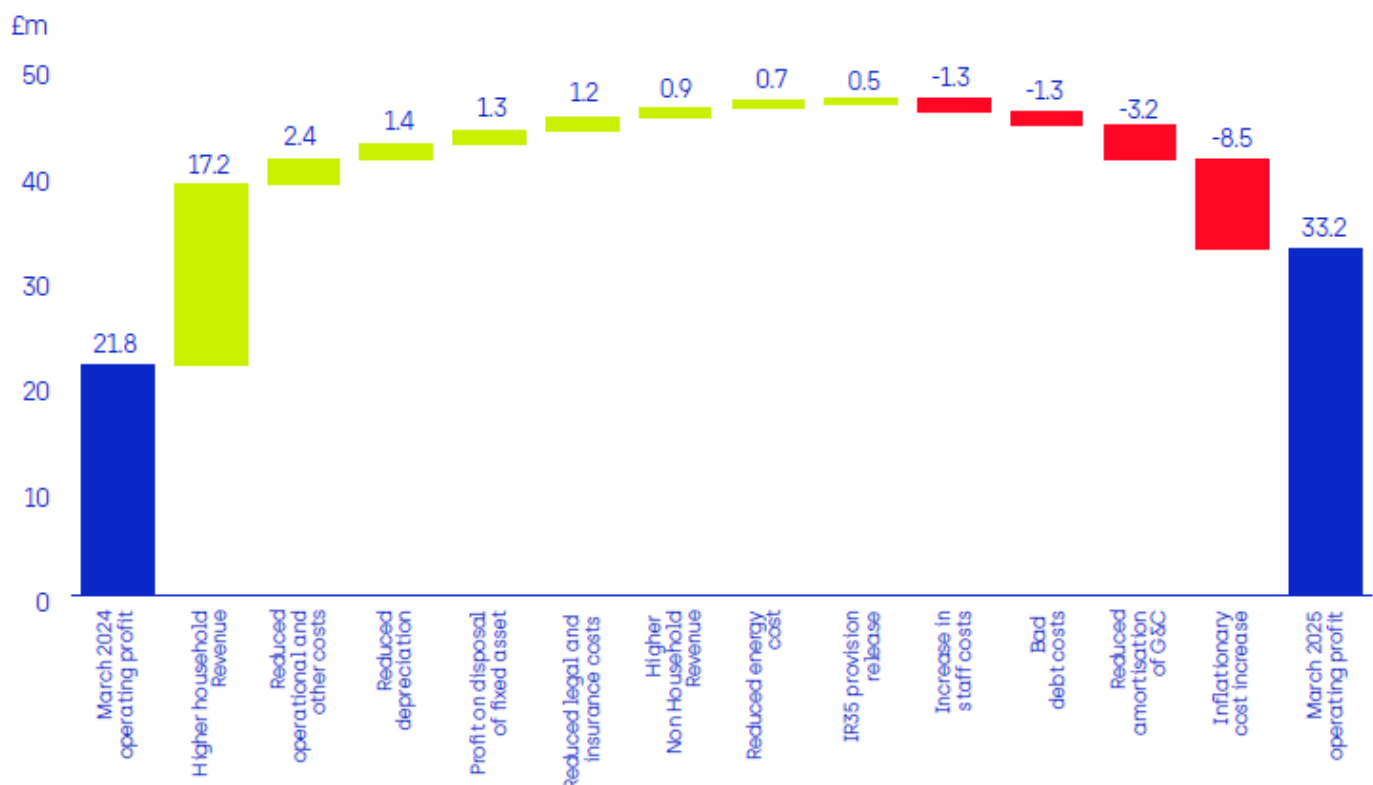
## Operating expenditure

Operating costs overall increased by £3.5 million [1.0%] to £350.5 million [2024: £347.0 million].

Energy remains one of our largest expenses due to the treatment and distribution of water to 3.99 million customers. To mitigate price fluctuations, we manage energy costs through an advance purchasing hedging strategy.

Bad debt costs increased during the year, driven in part by the ongoing cost-of-living pressures affecting some of our customers. However we continue to enhance collections processes and customer engagement, with a particular focus on supporting vulnerable customers to encourage timely payments and reduce aged debt.

Staff costs rose, following a 4.2% inflation-linked pay award.



## Interest and Fair Value Movements

Net finance expense for the year was £50.9 million, a £3.5 million decrease (6.4%) (2024 £54.4 million), primarily due to lower inflation reducing non-cash accretion on index-linked debt and swaps. A fair value gain of £1.4 million on energy swaps was recorded, mainly driven by changes in market prices.

Our hedging strategy protected us against peak energy prices of 2022 and 2023 but has delayed the benefits of recent lower price. To align forecast energy costs with market rates, we undertook a one off transaction with counterparties to re-strike trades and pre-pay price differences. This resulted in a £10 million finance cost during the year, restructuring existing trades without changing our overall risk position.

## Taxation

The income tax charge for 2024/25 was £0.6 million (2024: £10.8 million credit) as a result of a tax credit on losses made in the year.

The effective current tax rate was lower than the UK corporation tax rate of 25% (2024: 25%). Further information and a full reconciliation of the current tax charge are set out in note 5.4 of our statutory financial statements. All our profits are taxed in the UK, and we do not use artificial tax avoidance schemes or tax havens to reduce our tax liabilities.

## Dividends

Our Board agreed to restrict the payment of dividends throughout AMP7 to enable substantial investments to improve our resilience and protect the environment.

No equity dividends were paid in 2023/24 or 2024/25, reflecting our shareholders' commitment to re-invest all planned returns from both the company's appointed business and non-appointed business (the part of our business not regulated by Ofwat) for the benefit of our customers.

The Board is not proposing to recommend the payment of a final dividend for the year (2024: £nil).

## Capital expenditure

Capital expenditure for 2024/25 was £205.9 million (2024: £159.1 million), focused on leakage management, mains renewals, water treatment, and integrated water savings programs.

Some of this expenditure was delayed from earlier years due to Covid-19 restrictions. The total capital expenditure also includes spend on HS2 schemes that have been fully compensated for.

## Net debt and gearing

At 31 March 2025, net debt was £1,487.3m, primarily driven by capital expenditure on our network. In addition, our index-linked bonds increased by prevailing RPI and CPI.

Gearing, calculated as net debt to RCV at 31 March 2025, was 77.5% (31 March 2024: 74.6%) and remains below our internal gearing level of 80.0%. This allows sufficient headroom within the gearing covenants, which are only triggered at a level of more than 90.0%.

Going forward we have £150m of legally binding and committed equity that will support deleveraging to around 70% for the rest of AMP8.

## Cash flow

Net cash flow before tax and financing for the year was £32.6 million outflow, marking a £3.4 million decrease from the previous year (2024: £36.0 million outflow). This movement is mainly due to improved operational performance that supports our continued capital investment in line with our AMP7 delivery plans.

## Credit ratings

The table below shows the current credit rating held with each agency. The credit ratings for our subsidiaries' bonds assigned by the rating agencies, Moody's, Standard & Poor's and Fitch, are as follows. Our credit ratings have not changed since March 2024.

| Bonds                   | Moody's | Standard & Poor's | Fitch          |
|-------------------------|---------|-------------------|----------------|
| Class A                 | A3      | BBB+              | BBB+           |
| Class B                 | Baa3    | BBB-              | BBB-           |
| Corporate family rating | Baa1    | Not applicable    | Not applicable |

## Equity

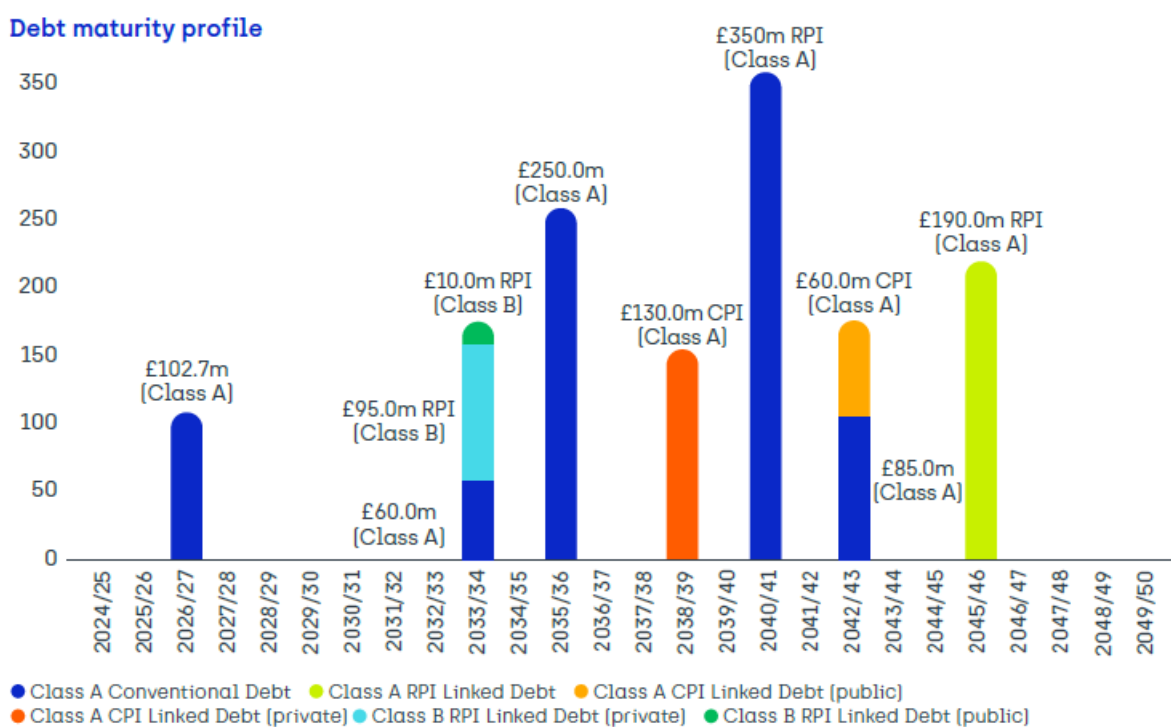
In February 2025 we announced that our shareholders had made an unconditional and legally binding commitment to inject £150 million of equity into Affinity Water Limited by 31 March 2026. This substantial financial contribution underscores their confidence in Affinity Water's long-term strategy and re-enforces their dedication to ensuring the success of our business. The equity injection will strengthen our financial resilience and enable the efficient execution of our investment plan.

## Debt portfolio

As we are a business with a long-term outlook and expenditure commitments, we need to match this with long-term sources of debt finance. We consider the most cost-effective way to raise long-term debt to be through the debt capital markets.

In March 2025 we successfully issued a £350m green bond as the first water company to issue a public sterling benchmark bond after Ofwat's Final Determination of our business plan for 2025-2030. The company repaid £147,324,000 of the bonds to Affinity Water Finance [2004] PLC during the year.

Our financing subsidiaries have outstanding external bonds totalling £1,332.7m, raised in the debt capital markets and on-lent to the company on the same terms. Our next significant debt maturity is in July 2026 when a fixed rate bond matures. The following chart shows the maturity profile of the bonds issued by the company's subsidiaries as at 31 March 2025:



## Liquidity

Our liquidity is managed through banking arrangements and adequate (though not excessive) cash resources, borrowing arrangements and standby facilities. This enables us, to have the level of funds available that are necessary for the achievement of our business and service objectives at all times. At 31 March 2025, we had cash balances of £128.0 million (2024: £59.8 million) and short-term deposits held as investments of £80.8 million (2024: £21.6 million). The increase in cash from the prior year is primarily due to the issuance of the new Green Bond of £350.0 million, and after a part repayment of an existing bond, the proceeds of which have been deposited into various deposit accounts.

To the extent that additional funding is required, as well as our cash balances, we have access to two revolving credit facilities totalling £100.0 million (2024: £100.0 million), which were undrawn at 31 March 2025 (2024: undrawn), to finance capital expenditure and working capital requirements.



# Regulatory update

Our business is a regional monopoly and is subject to incentive-based economic regulation by Ofwat. We are subject to a strict revenue control regime designed to incentivise efficiency in operations and investment decisions.

In September 2023 we submitted our business plan for the five-year period 2025-2030. In July 2024 we received a Draft Determination which we responded to by making compelling, evidence-based Representations to our regulator Ofwat. To this effect, in December 2024 we received a favourable Final Determination that enables sufficient investment and a balanced risk and reward outlook.

Our draft business plan for 2025-30 achieved the highest quality rating in the industry from Ofwat and its Final Determination, received in December 2024, closely matches our original submission. Ofwat recognised the risks associated with our new obligations to remove PFAS chemicals from raw water during treatment and allowed an uncertainty mechanism which will enable us to develop efficient costs before scheme sign off.

Over the next five years we will deliver a £2.3 billion investment programme, designed to make sure we can continue to provide high-quality, sustainable and affordable water services for our customers now and in the future. Our business plan is ambitious with some stretching targets, but by focusing on our performance commitments, rising to the challenges and working together as one team, we will deliver for our customers, communities and stakeholders as a forward-thinking provider of essential water services. Although we are pleased that we now have clarity over the next five years, we are also aware that delivering a much larger investment programme, will be a significant challenge. We have taken early steps to ensure that we are prepared for this and now have all our key contracts in place with our supply chain meaning that we are well placed for an early mobilisation of the investment programme. Our Final Determination package represents a significant improvement on the Draft Determination, particularly in the area of enhancement funding and the balance of risk & return.

|  <b>Customers</b><br><b>Deliver what our customers need, ensuring affordability for all.</b>                                                                           |  <b>Communities</b><br><b>Work with our communities to create value for the local economy and society.</b>                                         |  <b>Resilience</b><br><b>Be prepared for change, and resilient to shocks and stresses.</b>                                                                                   |  <b>Environment</b><br><b>Leave the environment in a sustainable and measurably improved state.</b>                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>◆ Exceed customers' expectations for drinking water</li> <li>◆ Personalise our services to support different needs and wants</li> <li>◆ Take care of our vulnerable customers and keep bills affordable</li> </ul> | <ul style="list-style-type: none"> <li>◆ Build trust and transparency</li> <li>◆ Enhance environmental and social health to provide value to our communities</li> <li>◆ Reduce our impact in the water environment for all</li> </ul> | <ul style="list-style-type: none"> <li>◆ Ensure a resilient supply of water for our customers</li> <li>◆ Ensure our physical assets are resilient for the long-term</li> <li>◆ Ensure our people, processes, suppliers and finances remain resilient</li> </ul> | <ul style="list-style-type: none"> <li>◆ End unsustainable abstraction from chalk groundwater sources</li> <li>◆ Achieve Net Zero for operational emissions by 2030 and all carbon by 2045</li> <li>◆ Deliver a net gain in Natural Capital</li> </ul> |

# Governance update

The company is committed to high standards of corporate governance and transparency. The Board governs the company in accordance with the UK Corporate Governance Code 2018 (the '2018 Code') up until 1 January 2025 when the UK Corporate Governance Code 2024 (the '2024 Code') came into effect, which we continue to comply with. We also meet the provisions of the Ofwat Board Leadership, Transparency and Governance Principles 2019 ('BLTG Principles') and the Affinity Water Corporate Governance Code ('AW Code'). We confirm that we have complied with the provisions of the 2024 Code with the exception of:

- **Division of Responsibilities:** Provision 11 of the Code states at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent. Excluding the Chair, the Board comprises of three independent non-executive directors, three shareholder-nominated non-executive directors and two executive directors. By virtue of the two executive directors, our CEO and CFO, being ex-officio Board members and, therefore, excluded for the purposes of Provision 11, we have carried out our own annual independence assessment and consider the Board to be independent.
- **Composition of ARAC and Remuneration Committee:** Provisions 24 and 32 Our ARAC and Remuneration Committees, each comprise a majority of independent non-executive directors in addition to a shareholder nominated independent director. Committee membership is set out on first page of each of the committee reports.

## Board appointments

**Trevor Didcock** has stepped down from his position after 9 years service to our Board, effective from 28th February 2025.

**Adam Stephens** joined us in January 2025, with a wealth of experience in corporate finance and business strategy, as well as extensive water-industry knowledge, having previously held a number of senior finance roles at Severn Trent Plc, as well as Executive Director and Chief Financial Officer at Hafren Dyfrdwy.

## Executive appointments

**Joe Hall** has been appointed as Director of the newly formed directorate of Health, Safety and Estates on January 2025.

**Simon Pugsley** was appointed on 1st April 2025 in the new role of General Counsel and Company Secretary, following Patrick Makoni stepping down as Group Company Secretary on 30 March 2025. Simon previously acted as Interim Head of Legal for the Affinity Group.



# Common Terms Agreement Compliance

## Calculation of financial ratios<sup>1</sup>

| Date        | Calculation Date | 31 March 2026 | 31 March 2027 | 31 March 2028 | 31 March 2029 | 31 March 2030 |
|-------------|------------------|---------------|---------------|---------------|---------------|---------------|
| Class A RAR | 0.682            | 0.617         | 0.630         | 0.636         | 0.638         | 0.635         |
| Senior RAR  | 0.770            | 0.700         | 0.708         | 0.711         | 0.711         | 0.707         |

## Class A ICR

| Test period                                                    | Year 1<br>1 April 2024<br>To<br>31 March 2025 | Year 2<br>1 April 2025<br>To<br>31 March 2026 | Year 3<br>1 April 2026<br>To<br>31 March 2027 | Year 4<br>1 April 2027<br>To<br>31 March 2028 | Year 5<br>1 April 2028<br>To<br>31 March 2029 | Year 6<br>1 April 2029<br>To<br>31 March 2030 |
|----------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Revenue less operating expenditure (£000)                      | 131,418                                       | 152,355                                       | 193,357                                       | 203,135                                       | 228,513                                       | 253,386                                       |
| One-off re-striking of existing energy trades to market prices | 10,000                                        |                                               |                                               |                                               |                                               |                                               |
| Net Cash Flow (£000)                                           | 141,418                                       | 152,355                                       | 193,357                                       | 203,135                                       | 228,513                                       | 253,386                                       |
| Class A Debt Interest (£000)                                   | 22,054                                        | 31,740                                        | 35,496                                        | 45,176                                        | 51,183                                        | 56,186                                        |
| Class A Adjusted ICR                                           | 6.4                                           | 4.8                                           | 5.4                                           | 4.5                                           | 4.5                                           | 4.5                                           |

1 - This Investor Report contains a high-level summary of covenant calculations. The detailed calculations were provided to the Trustee and other relevant parties on 11 July 2025 along with the Compliance Certificate.

## Class A Adjusted ICR

| Test period                                                           | Year 1<br>1 April<br>2024<br><br>To<br>31<br>March<br>2025 | Year 2<br>1 April<br>2025<br><br>To<br>31<br>March<br>2026 | Year 3<br>1 April<br>2026<br><br>To<br>31<br>March<br>2027 | Year 4<br>1 April<br>2027<br><br>To<br>31<br>March<br>2028 | Year 5<br>1 April<br>2028<br><br>To<br>31<br>March<br>2029 | Year 6<br>1 April<br>2029<br><br>To<br>31<br>March<br>2030 |
|-----------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Revenue less operating expenditure (£000)                             | 131,418                                                    | 152,355                                                    | 193,357                                                    | 203,135                                                    | 228,513                                                    | 253,386                                                    |
| One-off re-striking of existing energy trades to market prices (£000) | 10,000                                                     |                                                            |                                                            |                                                            |                                                            |                                                            |
| Net Cash Flow (£000)                                                  | 141,418                                                    | 152,355                                                    | 193,357                                                    | 203,135                                                    | 228,513                                                    | 253,386                                                    |
| Less the aggregate of CCD and IRC (£000)                              | -                                                          | -                                                          |                                                            |                                                            |                                                            |                                                            |
| Class A Debt Interest (£000)                                          | 22,054                                                     | 31,740                                                     | 35,496                                                     | 45,176                                                     | 51,183                                                     | 56,186                                                     |
| Class A Adjusted ICR                                                  | 6.4                                                        | 4.8                                                        | 5.4                                                        | 4.5                                                        | 4.5                                                        | 4.5                                                        |



## Senior Adjusted ICR

| Test period                                                    | Year 1<br>1 April<br>2024<br><br>To<br>31<br>March<br>2025 | Year 2<br>1 April<br>2025<br><br>To<br>31<br>March<br>2026 | Year 3<br>1 April<br>2026<br><br>To<br>31<br>March<br>2027 | Year 4<br>1 April<br>2027<br><br>To<br>31<br>March<br>2028 | Year 5<br>1 April<br>2028<br><br>To<br>31<br>March<br>2029 | Year 6<br>1 April<br>2029<br><br>To<br>31<br>March<br>2030 |
|----------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Revenue less operating expenditure (£000)                      | 131,418                                                    | 152,355                                                    | 193,357                                                    | 203,135                                                    | 228,513                                                    | 253,386                                                    |
| One-off re-striking of existing energy trades to market prices | 10,000                                                     |                                                            |                                                            |                                                            |                                                            |                                                            |
| Net Cash Flow (£000)                                           | 141,418                                                    | 152,355                                                    | 193,357                                                    | 203,135                                                    | 228,513                                                    | 253,386                                                    |
| Less the aggregate of CCD and IRC (£000)                       | -                                                          | -                                                          |                                                            |                                                            |                                                            |                                                            |
| Senior Debt Interest (£000)                                    | 27,106                                                     | 36,969                                                     | 40,905                                                     | 50,774                                                     | 56,945                                                     | 62,123                                                     |
| Senior Adjusted ICR                                            | 5.2                                                        | 4.1                                                        | 4.7                                                        | 4.0                                                        | 4.0                                                        | 5.7                                                        |

## Class A Average Adjusted ICR

| Test period                                    | Year 1<br>1 April<br>2024<br>To<br>31<br>March<br>2025 | Year 2<br>1 April<br>2025<br>To<br>31<br>March<br>2026 | Year 3<br>1 April<br>2026<br>To<br>31<br>March<br>2027 | Year 4<br>1 April<br>2027<br>To<br>31<br>March<br>2028 | Year 5<br>1 April<br>2028<br>To<br>31<br>March<br>2029 | Year 6<br>1 April<br>2029<br>To<br>31<br>March<br>2030 |
|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Year 1                                         | 6.4                                                    | 4.8                                                    | 5.4                                                    | 4.5                                                    | 4.5                                                    | 4.5                                                    |
| Year 2                                         | 4.8                                                    | 5.4                                                    | 4.5                                                    | 4.5                                                    | 4.5                                                    | 4.5                                                    |
| Year 3                                         | 5.4                                                    | 4.5                                                    | 4.5                                                    | 4.5                                                    | 4.5                                                    | 4.5                                                    |
| Class A Average Adjusted ICR<br>3 year average | 5.6                                                    | 4.9                                                    | 4.8                                                    | 4.5                                                    | 4.5                                                    | 4.5                                                    |

## Senior Average Adjusted ICR

| Test period                                   | Year 1<br>1 April<br>2024<br>To<br>31<br>March<br>2025 | Year 2<br>1 April<br>2025<br>To<br>31<br>March<br>2026 | Year 3<br>1 April<br>2026<br>To<br>31<br>March<br>2027 | Year 4<br>1 April<br>2027<br>To<br>31<br>March<br>2028 | Year 5<br>1 April<br>2028<br>To<br>31<br>March<br>2029 | Year 6<br>1 April<br>2029<br>To<br>31<br>March<br>2030 |
|-----------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Year 1                                        | 5.2                                                    | 4.1                                                    | 4.7                                                    | 4.0                                                    | 4.0                                                    | 4.0                                                    |
| Year 2                                        | 4.1                                                    | 4.7                                                    | 4.0                                                    | 4.0                                                    | 4.0                                                    | 4.0                                                    |
| Year 3                                        | 4.7                                                    | 4.0                                                    | 4.0                                                    | 4.1                                                    | 4.1                                                    | 4.1                                                    |
| Senior Average Adjusted ICR<br>3 year average | 4.7                                                    | 4.3                                                    | 4.2                                                    | 4.0                                                    | 4.0                                                    | 4.0                                                    |

## Class A RAR

| Date                            | Calculation Date | 31 March 2026 | 31 March 2027 | 31 March 2028 | 31 March 2029 | 31 March 2030 |
|---------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| Class A Net Indebtedness (£000) | 1,310,118        | 1,301,359     | 1,452,440     | 1,583,729     | 1,692,339     | 1,745,091     |
| RCV (£000)                      | 1,920,227        | 2,107,649     | 2,305,258     | 2,490,206     | 2,650,733     | 2,748,090     |
| Class A RAR                     | 0.682            | 0.617         | 0.630         | 0.636         | 0.638         | 0.635         |

## Senior RAR

| Date                           | Calculation Date | 31 March 2026 | 31 March 2027 | 31 March 2028 | 31 March 2029 | 31 March 2030 |
|--------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| Senior Net Indebtedness (£000) | 1,478,282        | 1,476,328     | 1,632,936     | 1,770,188     | 1,884,942     | 1,943,394     |
| RCV (£000)                     | 1,920,227        | 2,107,649     | 2,305,258     | 2,490,206     | 2,650,733     | 2,748,090     |
| Senior RAR                     | 0.770            | 0.700         | 0.708         | 0.711         | 0.711         | 0.707         |

Conformed Class A Adjusted ICR

| Test Period                                                                                       | Year 1<br>1 April<br>2024<br><br>To<br>31 March<br>2025 | Year 2<br>1 April<br>2025<br><br>To<br>31 March<br>2026 | Year 3<br>1 April<br>2026<br><br>To<br>31 March<br>2027 | Year 4<br>1 April<br>2027<br><br>To<br>31 March<br>2028 | Year 5<br>1 April<br>2028<br><br>To<br>31 March<br>2029 | Year 6<br>1 April<br>2029<br><br>To<br>31 March<br>2030 |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Revenue less operating expenditure (£000)                                                         | 137,222                                                 | 152,355                                                 | 193,357                                                 | 203,135                                                 | 228,513                                                 | 253,386                                                 |
| One-off re-striking of existing energy trades to market prices (£000)                             | 10,000                                                  |                                                         |                                                         |                                                         |                                                         |                                                         |
| Net Cash Flow (£000)                                                                              | 147,222                                                 | 152,355                                                 | 193,357                                                 | 203,135                                                 | 228,513                                                 | 253,386                                                 |
| Less the aggregate of RCV Depreciation and Capitalised Infrastructure Renewals Expenditure (£000) | [87,107]                                                | [75,098]                                                | [82,805]                                                | [89,241]                                                | [94,993]                                                | [97,900]                                                |
| Class A Debt Interest (£000)                                                                      | 22,054                                                  | 31,740                                                  | 35,496                                                  | 45,176                                                  | 51,183                                                  | 56,186                                                  |
| Conformed Class A Adjusted ICR                                                                    | 2.7                                                     | 2.4                                                     | 3.1                                                     | 2.5                                                     | 2.6                                                     | 2.8                                                     |



Conformed Senior Adjusted ICR

| Test Period                                                                                       | Year 1<br>1 April<br>2024<br><br>To<br>31 March<br>2025 | Year 2<br>1 April<br>2025<br><br>To<br>31 March<br>2026 | Year 3<br>1 April<br>2026<br><br>To<br>31 March<br>2027 | Year 4<br>1 April<br>2027<br><br>To<br>31 March<br>2028 | Year 5<br>1 April<br>2028<br><br>To<br>31 March<br>2029 | Year 6<br>1 April<br>2029<br><br>To<br>31 March<br>2030 |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Revenue less operating expenditure (£000)                                                         | 137,222                                                 | 152,355                                                 | 193,357                                                 | 203,135                                                 | 228,513                                                 | 253,386                                                 |
| One-off re-striking of existing energy trades to market prices (£000)                             | 10,000                                                  |                                                         |                                                         |                                                         |                                                         |                                                         |
| Net Cash Flow (£000)                                                                              | 147,222                                                 | 152,355                                                 | 193,357                                                 | 203,135                                                 | 228,513                                                 | 253,386                                                 |
| Less the aggregate of RCV Depreciation and Capitalised Infrastructure Renewals Expenditure (£000) | [87,107]                                                | [75,098]                                                | [82,805]                                                | [89,241]                                                | [94,993]                                                | [97,900]                                                |
| Senior Debt Interest (£000)                                                                       | 27,106                                                  | 36,969                                                  | 40,905                                                  | 50,774                                                  | 56,945                                                  | 62,123                                                  |
| Conformed Senior Adjusted ICR                                                                     | 2.2                                                     | 2.1                                                     | 2.7                                                     | 2.2                                                     | 2.3                                                     | 2.5                                                     |

### Conformed Class A Average Adjusted ICR

| Test period                                           | Year 1<br>1 April<br>2024<br>To<br>31 March<br>2025 | Year 2<br>1 April<br>2025<br>To<br>31 March<br>2026 | Year 3<br>1 April<br>2026<br>To<br>31 March<br>2027 | Year 4<br>1 April<br>2027<br>To<br>31 March<br>2028 | Year 5<br>1 April<br>2028<br>To<br>31 March<br>2029 | Year 6<br>1 April<br>2029<br>To<br>31 March<br>2030 |
|-------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Year 1                                                | 2.7                                                 | 2.4                                                 | 3.1                                                 | 2.5                                                 | 2.5                                                 | 2.5                                                 |
| Year 2                                                | 2.4                                                 | 3.1                                                 | 2.5                                                 | 2.6                                                 | 2.6                                                 | 2.6                                                 |
| Year 3                                                | 3.1                                                 | 2.5                                                 | 2.6                                                 | 2.8                                                 | 2.8                                                 | 2.8                                                 |
| Conformed Class A Average Adjusted ICR 3 year average | 2.8                                                 | 2.7                                                 | 2.7                                                 | 2.6                                                 | 2.6                                                 | 2.6                                                 |

### Conformed Senior Average Adjusted ICR

| Test Period                           | Year 1<br>1 April<br>2024<br>To<br>31 March<br>2025 | Year 2<br>1 April<br>2025<br>To<br>31 March<br>2026 | Year 3<br>1 April<br>2026<br>To<br>31 March<br>2027 | Year 4<br>1 April<br>2027<br>To<br>31 March<br>2028 | Year 5<br>1 April<br>2028<br>To<br>31 March<br>2029 | Year 6<br>1 April<br>2029<br>To<br>31 March<br>2030 |
|---------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Year 1                                | 2.2                                                 | 2.1                                                 | 2.7                                                 | 2.2                                                 | 2.2                                                 | 2.2                                                 |
| Year 2                                | 2.1                                                 | 2.7                                                 | 2.2                                                 | 2.3                                                 | 2.3                                                 | 2.3                                                 |
| Year 3                                | 2.7                                                 | 2.2                                                 | 2.3                                                 | 2.5                                                 | 2.5                                                 | 2.5                                                 |
| Conformed Senior Average Adjusted ICR | 2.3                                                 | 2.3                                                 | 2.4                                                 | 2.4                                                 | 2.4                                                 | 2.4                                                 |

The following table reconciles the Class A Net Indebtedness and Senior Net Indebtedness to the amounts reported in the financial statements.

| Date                                                   | 31 March 2025<br>£'000 |
|--------------------------------------------------------|------------------------|
| Borrowings                                             | 1,595,703              |
| Less Permitted Legacy Loan                             | (3,550)                |
| Less Financial Liability related to Leasehold Property | (18,782)               |
| Add Unamortised Debt Issue Costs and Bond Premium      | (20,253)               |
| Add Accrued Interest                                   | 9,679                  |
| Add Swap Accrued Interest                              | (7,546)                |
| Add Swap Accretion                                     | 140,946                |
| Less Cash and cash equivalents                         | (217,915)              |
| <b>Senior Net Indebtedness</b>                         | <b>1,478,282</b>       |
| Less Class B Indebtedness                              | (168,164)              |
| <b>Class A Net Indebtedness</b>                        | <b>1,310,118</b>       |
| RCV                                                    | 1,920,227              |

AWL has adopted IFRS 16: 'Leases' ('IFRS 16') from 1 April 2019 but has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard. Reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees, thereby impacting the Income Statement and Statement of Financial Position from the adoption date. In particular IFRS 16 would result in the removal of operating lease costs from Operating Expenditure, being replaced with additional depreciation and interest charges. This accounting treatment has been excluded for the purposes of calculating the ratios.

# Further Certifications

## Surplus

Our Board has approved dividend and executive remuneration policies that provide for dividends and executive remuneration proportionate with long-term returns and performance of the company, whilst not impairing its longer term financeability. The performance of the company comprises our financial performance as well as an assessment of performance in the following areas: customer service, operational commitments, environmental commitments and people.

## Authorised Investments

| Terms        | Bank Deposits (£m) | Liquidity Funds (£m) | Total (£m) |
|--------------|--------------------|----------------------|------------|
| Overnight    | 20.0               | 60.0                 | 80.0       |
| 1 Month      | 80.0               |                      | 80.0       |
| 2 Months     |                    |                      |            |
| 3 Months     |                    |                      |            |
| <b>Total</b> | 100.0              | 60.0                 | 160.0      |

## Debt Service Reserve Accounts

There is a £9million balance in the Class A debt service reserve account as at 31st March 2025. The remaining required debt service reserve is provided by a liquidity facility from National Australia Bank PLC totalling £30.0m.

## Permitted Subsidiaries acquired

There were no Permitted Subsidiaries acquired pursuant to a Permitted Acquisition in the period to 31 March 2025.

## Annual Finance Charge

Affinity Water Limited has calculated the Annual Finance Charge for the period from 1 April 2024 to 31 March 2025 as £37.0m.

|                                          | 1 April 2025 to 31 March 2026 |
|------------------------------------------|-------------------------------|
| Forecast interest paid on bonds and swap | 35.5                          |
| Forecast interest paid on loans          | 0.0                           |
| Other recurring finance fees paid        | 1.5                           |
| <b>Total</b>                             | <b>37.0</b>                   |



### **Additional confirmations**

Affinity Water Limited also confirms that:

- no Default or Potential Trigger Event is outstanding; and
- that Affinity Water Limited's insurances are being maintained in accordance with the Common Terms Agreement.

Yours faithfully,

Adam Stephens  
Chief Financial Officer  
Affinity Water Limited  
[in its capacity as Transaction Agent]

**Affinity**Water