

Annual Performance Report 2026

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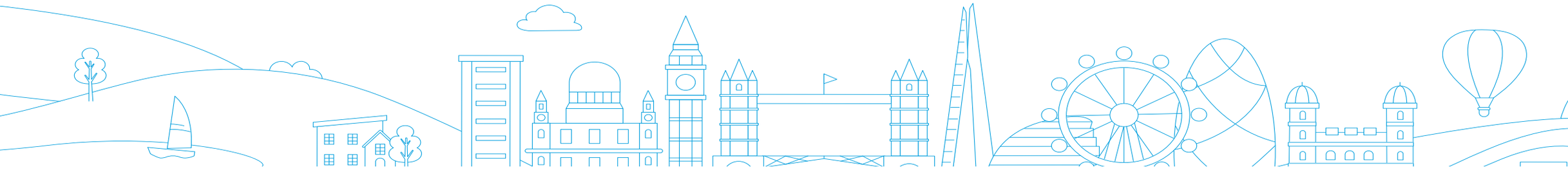


Introduction

This is our Annual Performance Report ('APR'). It's where you can find out how we've performed during 2025/26* against the targets set by our regulator, Ofwat.

It also contains information about our regulatory financial performance.

Further information about our 2025/26 performance, including statements from our Chief Executive Officer and Chairman, can be found in our Annual Report 2025/26.

*1 April 2025 to 31 March 2026

Our other APR documents

Terms and acronyms used in our Annual Performance Report

Our Annual Report 2025/26

What we've submitted to Ofwat

Assurance reports (relating to PCs and ODIs)
ISAE3000 third party independent assurance report (select performance commitments)
ISO14064 third party assurance report for GHG PCs
Internal audit ('IA') report and release clause (for select performance commitments)

Documents
Our reporting criteria and compliance with common guidance (including RAG check lists)
Terms and acronyms used in our annual performance report
This narrative document providing supporting information and commentary. See Where to find our statements and disclosures for detailed references

Data tables and models
2025-26 APR tables
PR24OC30 ODI payments calculator model
PR24R12 In-period adjustment model
PR24R01 Bioresources reconciliation model
PR24R08 Delivery mechanism
Water efficiency fund collection reporting template

Previously, we've published a separate Accounting Methodology, but this year all relevant disclosures and narrative are included in this document in the section Additional information: Tables 4A to 11B.

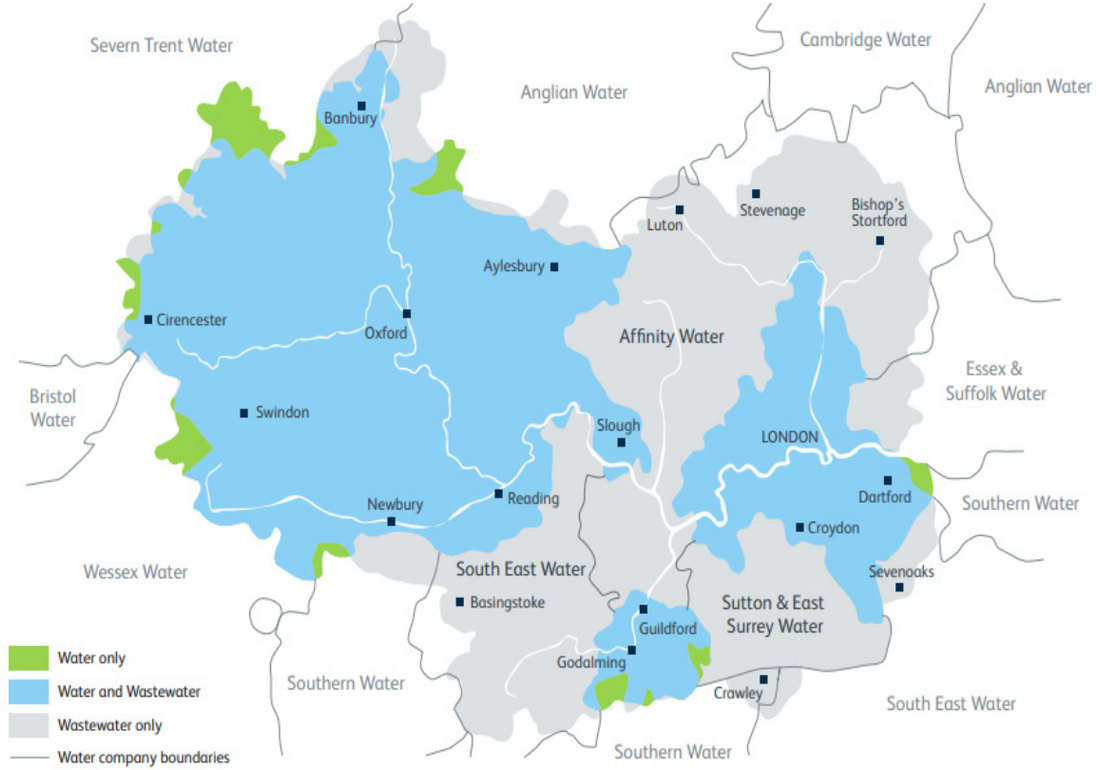
External documents and websites referred to via links are for extra information only and do not form part of our APR.

Our operating area

Our operating area follows the River Thames and stretches from Gloucestershire to Essex, covering countryside, villages, towns and our capital city of London.

Using natural sources such as rivers, we deliver clean water to your taps.

We take your wastewater away, treat it, and return it where it came from. Back to the rivers, ready to start the cycle all over again.



We supply

2.6 billion
litres of drinking water daily

We treat

4.3 billion
litres of wastewater daily

We operate

88
Water treatment works

352
Sewage treatment works

We have

10.7 million
Water customers

16.4 million
Wastewater customers

We maintain

32,100 km
of water mains

109,500 km
of sewers

With a total of over 140,000 km of water pipes and sewers, our network would stretch around the world more than three times.

Our major project initiatives

Delivering our biggest upgrade in 150 years

- Parts of Thames Water's infrastructure are over 150 years old, with 40% of our assets over 100 years old;
- It's why we're investing £ millions a day, repairing and replacing pipes, upgrading and building treatment works and modernising our digital estate;
- From major new infrastructure to small upgrades that will make a real difference to individual communities, we're delivering hundreds of projects across our region as part of our £20 billion investment programme; and
- This major upgrade will increase the resilience of our essential services for customers and the environment, and support economic growth in the UK.

High-profile projects

In accordance with Ofwat guidance, in our Delivery Plan ('DP') we've identified 13 critical high-profile schemes. These are schemes that are likely to attract significant interest from stakeholders, and/or require significant oversight due to their complexity, sequencing and/or scale.

These include projects covering:

- Growth and upgrades to our sewage treatment works ('STW') to meet future population needs;
- Phosphorous removal at our STWs;
- Ultra-violet treatment at our water treatment works ('WTW'); and
- Other environmental activities at our sites.

Asset health improvement conditional allowance

As part of AMP8, Ofwat has allowed us to access funding on a conditional or "gated" basis, with the release of that funding being dependent on certain conditions being met.

This includes £1 billion for the asset health improvement of our water and wastewater assets to address the impact of poor asset health on our performance and to enhance service delivery for customers and the environment.

During the year we've completed detailed risk-based assessments and have agreed with Ofwat the assets that we'll apply the funding to. We are midway through optioneering and hope to commence work on projects during the 2026/27 financial year.

Thames Tideway Tunnel

Thames Tideway Tunnel ('TTT') is the third stage of a programme to improve river health and increase sewage system resilience in London.

The three components of the programme are:

- Upgrading five sewage treatment sites to prevent 40 million tonnes of sewage discharges annually;
- Building the Lee Tunnel to stop five million tonnes of sewage discharges during storms; and
- Building the TTT reaching from Acton to Abbey Mills.

TTT was completed in February 2025 and was delivered on our behalf by Bazalgette Tunnel Limited ('Tideway'). We're working together to agree a 'handover' date when the operation of the tunnel, which has already materially changed our capacity to manage storm flows in London, will transfer to Thames Water with Tideway retaining responsibility for day-to-day maintenance.

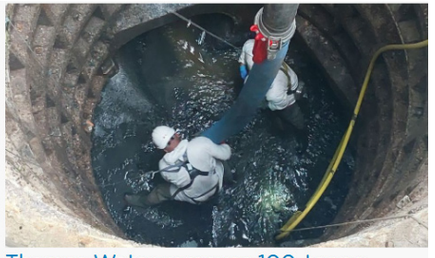
We've agreed bespoke performance commitments with Ofwat to make sure that commissioning happens in an organised and efficient way. You can read more about this in the Thames Tideway Tunnel performance commitments section of this document.

Keeping customers informed

In October 2025, we launched a marketing campaign on TV, radio, video on demand, billboards, social media and in newspapers across our network to help customers understand why their bills have increased and how we're investing that money to improve our services.

Including TTT, the three stages have reduced sewage discharges into the Thames by 95%, creating lasting benefits for water quality, aquatic biodiversity, recreation, and public health.

From our newsroom this year



Thames Water removes 100-tonne fatberg blocking sewer

06/10 13:00

Thames Water has cleared a 100-tonne fatberg from a sewer in Feltham, which consisted of mainly wet wipes and held together in a solid form by fat, oil and grease.

£20million upgrade boosts water quality in the River Chess

20/02 12:00

£20million Thames Water Chesham Sewage Treatment Works upgrade boosts water quality in the River Chess.

Dig Once, Disrupt Less: Thames Water helps cut over 400 days of disruption in London, as part of the London Authority's Infrastructure Coordination Service.

08/07 12:21

Thames Water, as part of the London Authority's Infrastructure Coordination Service, and alongside other utility providers, has avoided over 400 days of disruption from London roads since April 2024.

Apprenticeship applications open

09/02 09:00

Thames Water has opened applications for 145 apprenticeships offering potential candidates and career changers the opportunity to earn while they learn and build long term careers in the water industry.

Thames Water launches new scheme to cut bills

30/09 10:00

Londoners caught in the cost-of-living crisis will have their water bills cut automatically under a pioneering new partnership between Thames Water, 17 London Borough Councils and data analytics company Policy in Practice.

Thames Water opens £5.7bn tender notice for nationally critical reservoir

22/01 09:00

Thames Water launches a £5.7 billion tender notice to bring a contractor on board to build its nationally significant reservoir.

Illegal connections to Thames Water's network costs over £30,000 for two companies

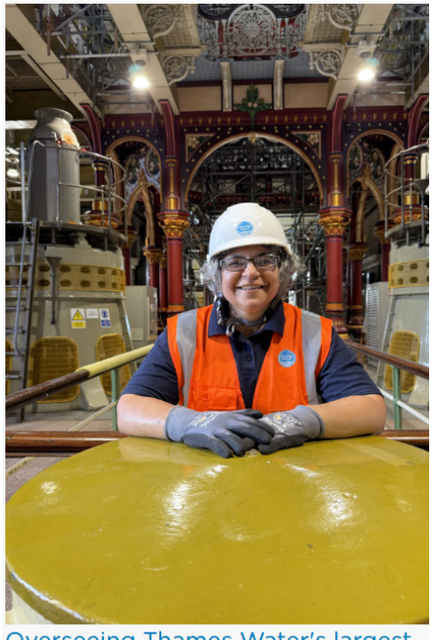
18/11 11:00

McFadden Utilities and Amara Land Limited have been charged and convicted of 24 offences of causing illegal connections to the Thames Water's clean water supply network. Both companies were prosecuted on grounds of carrying out work negligently and incorrect measurements of recorded water use across two developments in London.

Five million wet wipes dug out of London's 'Wet Wipe Island'

11/09 09:00

Workers have removed 114 tonnes of Wet Wipe Island, including an estimated five million wet wipes



Overseeing Thames Water's largest pumping station

23/06 10:00

This International Women in Engineering Day we celebrate Dina Gillespie, who runs Thames Water's largest wastewater pumping station.

These are just a few examples of our news stories in 2025/26. You can read more about these, and other stories, on our website.

About our performance

Our performance headlines

"We've made good progress in our operational and cultural transformation in the last year and have delivered a 20% increase in our annual investment after kicking off the biggest upgrade since Sir Joseph Bazalgette led the construction of London's sewer network 150 years ago."

Chris Weston

Chief Executive Officer

The company has made good progress in its turnaround this year and our highlights include driving down pollutions, improving public health and improving our customer experience.

Our operational transformation critical Performance Commitments ('PCs')

It's important that we perform as well as we can in all our PCs, but we give specific focus to the PCs identified in our transformation plan as being key to our operational performance.

These PCs are reported to the Board on a monthly basis, and we circulate a monthly dashboard to our employees so that there is a clear line of sight to those priorities.

Here's a summary of how we've performed in these critical PCs:

Pollutions (total and serious)

We delivered a major reduction in pollutions last year, with total pollutions down 18%, which we expect will put us at third best in the industry for 2025. Serious pollutions are also down on last year. However, our penalty is three times higher than last year due to changes to the way Ofwat calculates the penalty.

Supply interruptions

We're proud of our performance this year and, for the first 11 months, expected to deliver our best ever performance since the metric was introduced in its current format. However, a single incident in March, probably our most complicated in the last decade, accounted for nearly half of our overall score.

Leakage

Customer side leaks and wastage contributed to our performance, but we've reduced our 3-year leakage slightly. The dry summer of 2025 and drop in water temperature in January 2026 caused a significant rise in visible leaks as pipes moved and cracked. Our ageing infrastructure means that the weather has a significant impact on our performance.

Water quality (CRI)

Our water quality remains high and underlying performance strong but we missed our target, mainly due to single detections of coliform bacteria at two of our large treatment works in London. Neither raised a risk to public health. The size of our works in London means that a detection there significantly impacts our score.

The other performance metrics we circulate on our monthly dashboard are health, safety and wellbeing and customer complaints. More information about both of these metrics can be found in our Annual Report.

We regularly share performance information with our Customer Challenge Group ('CCG') and the Consumer Council for Water ('CCW'). Customers can also find comparative performance information at Discover Water.

We discuss our performance for all of our PCs in more detail later in this document.

Transformation critical PC

Our performance headlines cont'd

How we've performed against Ofwat's targets

We've improved our compliance against Ofwat's common PC targets, excluding customer experience measures, and have met 53% (11 out of 20) compared to 38% in 2024/25 (five out of 13).

We've met our targets for internal and external sewer flooding, business demand, customer contacts about water quality, repairs to burst mains, unplanned outages, biodiversity, storm overflows, sewer collapses, bathing water quality and river water quality.

We've missed our targets for: pollutions, serious pollutions, supply interruptions, leakage, per capita consumption, water quality (CRI), operational greenhouse gas (water and wastewater) and discharge permit compliance.

We've also met four of our five bespoke PCs this year.

Our penalties and rewards

Despite improving our performance this year, our net penalty position, excluding the customer satisfaction measures, has increased significantly to £91 million (2024/25: £68 million).

Our pollutions performance has improved, but our penalty has increased from £22 million to £64 million as Ofwat has applied higher penalty rates this AMP and included an additional PC for serious pollutions.

While we've reduced leakage, our penalty is £29 million (2024/25: £19 million).

We discuss our performance of all of our PCs in more detail later in this document.

Customer satisfaction measures

C-MeX (household customers), D-MeX (developer services) and BR-MeX (business and retail customers) (i.e. 'Mexes') are not subject to Ofwat targets, and our performance penalty and rewards this AMP are calculated relative to other companies.

This year, while our overall scores are down due to calculation changes, we've seen improvements in both our C-MeX and D-MeX scores. We've moved up one place in the C-MeX league table and our D-MeX league table position has improved by three places.

BR-MeX is a new measure introduced this AMP, and we've finished 10th out of the 15 companies.

Despite these improvements, our penalties for the Mexes increased in 2025/26. This is due to changes in Ofwat's calculation methodology this AMP which means performance is now compared against the wider UK Customer Satisfaction Index ('UKCSI') industry average, rather than relative to the other water companies.

MeX	2024/25		2025/26	
	Penalty (£ million)	Position	Penalty (£ million)	Position
C-MeX	13.7	17/17	34.9	16/17
D-MeX	6.3	17/17	12.1	14/17
BR-MeX	n/a	n/a	2.1	10/15
Total	20.0	n/a	49.1	n/a

Please note that there is a difference in price base between 2024/25 meXes and ODI and the current year (AMP7 are 2017/18 price base whereas AMP8 are 2022/23).

Our 2024/25 performance in context

We've built on the foundations that we laid last year when we delivered AMP7 best performances for seven of the 12 PCs reported in Ofwat's Water Company Performance Report 2024/25 ('WCPR'), and performed at industry average or above for eight.

In the WCPR, Ofwat has classified us as a "lagging" company. However, at industry level, our performance can be viewed more positively. The table below shows how our performance last year ranked relative to the ten other water and sewerage companies ('WaSCs').

WCPR Performance commitment against 11 selected PCs plus C-MeX	Target met 2024/25	Position in 2024/25 (against the 11WaSCs)
Sewer collapses	Yes	1st
PCC	Yes	2nd
Leakage	No	3rd
Water quality (CRI)*	No	4th
Unplanned Outage	Yes	4th
Supply interruptions	No	5th
Pollutions* Note 1	No	6th
Treatment work compliance*	No	6th
Mains repairs	Yes	9th
Internal sewer flooding	No	9th
PSR (Reach)	Yes	9th
C-Mex	n/a	11th

Source: Water Company Performance Report 2024/25

Note 1: When normalised, we ranked 4th for pollutions in the EA's Environmental Performance Assessment 2024, as Welsh Water and Hafren Dyfrdwy are regulated by Natural Resources Wales.

* Calendar year measure covering the period 1 Jan 2024 to 31 December 2024.

How our performance is measured

Performance Commitments measure the service that water companies deliver against targets we've agreed with Ofwat as part of our most recent Asset Management Plan ('AMP'). The plan covers the period 1 April 2025 to 31 March 2030 and is commonly referred to as AMP8.

Most PCs that we're measured against are common to all companies. However, we also have five that are unique to us.

Transformation critical PC

Click on the interactive links to see more about our performance by PC.

Our water PCs

- Business demand
- ★ Compliance risk index (water quality)
- Customer contacts about water quality
- ★ Leakage
- Per capita consumption
- Repairs to burst mains
- Unplanned outages
- ★ Water supply interruptions

Our Wastewater PCs

- Discharge permit compliance
- External sewer flooding
- ★ Internal sewer flooding
- ★ Pollution incidents
- Serious pollution incidents
- Sewer collapses
- Storm overflows

Our measures of experience PCs

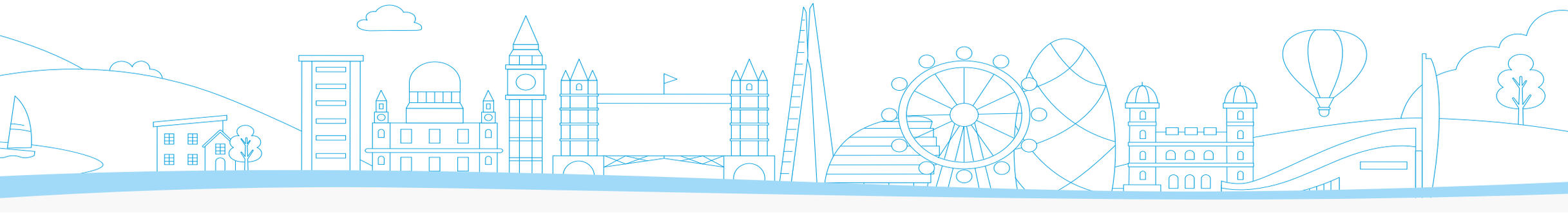
- Business customer and retailer (BR-MeX)
- Customer (C-MeX)
- Developer services (D-MeX)

Our environmental PCs

- Bathing water quality
- Biodiversity
- Greenhouse gas emissions (wastewater)
- Greenhouse gas emissions (water)
- River water quality

Our bespoke PCs

- Streetworks team (London)
- Tideway: Early handback of project land
- Tideway: Maximising land sales
- Tideway: Stakeholder management
- Tideway: Systems acceptability incentive



Our ODI performance

Outcome delivery incentives ('ODIs') are the financial rewards and penalties that we either earn or incur depending on our performance against our Ofwat targets.

These penalties and rewards adjust the amount of customer revenue we can collect for our water, wastewater and retail services in the future.

Notes

1. Penalties are shown as negative values, rewards are shown as positives. All values are in 2022/23 price base.
2. There are three PCs that are not included in the table opposite as our performance doesn't derive a penalty or reward. These are river water quality, Tideway's effective stakeholder management and Tideway's maximising land sales.
3. Rewards associated with our streetworks collaboration PC are calculated at the end of the AMP.
4. C-MeX, D-MeX and BR-MeX penalties and rewards are not classified as PCs, although they contribute to our total penalties in the year.
5. In this AMP, we're also subject to rewards and penalties through the delivery of our price control deliverables. Full details can be found in our Delivery Plan submission on our website.

Request to defer our ODI revenue adjustment

We're submitting a request to Ofwat to defer a proportion of our ODI payments in order to smooth bill impacts across the remaining years of AMP8.

Performance commitment [2]	2025/26 £ millions [1]
Bathing water quality	1.210
Biodiversity	0.000
Business demand	0.720
Compliance risk index (CRI)	-6.780
Customer contacts about water quality	0.730
Discharge permit compliance	-13.200
External sewer flooding	11.730
Greenhouse gas emissions (water)	-0.510
Greenhouse gas emissions (wastewater)	-3.560
Internal sewer flooding	3.850
Leakage	-28.630
Per capita consumption	-1.429
Pollutions - total	-28.083
Pollutions - serious	-35.810
Repairs to burst mains	13.452
Sewer collapses	2.760
Storm overflows	2.157
Unplanned outages	1.710
Water supply interruptions	-11.660
Total net ODI for common PCs	-91.343
Streetworks collaboration [3]	0.000
Tideway: early handback of project land	0.390
Tideway: systems acceptability incentive	0.000
Total net ODI for all PCs (excluding C-MeX, D-MeX and BR-MeX) [4]	-90.953
Customer (C-MeX)	-34.908
Developer services (D-MeX)	-12.132
Business customer and retailer (BR-MeX)	-2.082
Total net penalties (including C-MeX, D-MeX and BR-MeX) [5]	-140.075

How weather impacts our performance

Changing climate

Climate change is one of the biggest challenges we face. More frequent and intense weather events across the globe will impact our business and the service we provide to customers this year and over the coming years.

Over the next 25 years, climate change will impact the weather patterns across our region. Extreme weather, such as heatwaves and flooding, will become more frequent and intense. We're already seeing changes in groundwater levels impacting capacity in some of our systems.

The turbulent weather patterns we've witnessed in recent years have tested the resilience of our services. While this presents one of our biggest challenges, it also offers a valuable opportunity to do things differently.

Our long term plans for building a climate resilient future can be found in our Sustainability Report and ESG Statement.

Weather in 2025/2026

The weather patterns in this reporting period mirror the Met Office view that we are experiencing warmer, wetter winters and hotter, drier summers, along with more frequent extreme weather.

Summer

Following on from spring of 2025, one of the sunniest and warmest on record with below average rainfall, we experienced the warmest June ever recorded in the UK.

The Environment Agency ('EA') declared that the Thames Valley was officially deemed to have a 'prolonged dry weather' status and the agency implemented their 'area drought plan'.

On 22 July 2025, we introduced a temporary use ban (or hosepipe ban) in parts of the Thames Valley including in Swindon and in areas of Oxfordshire, Gloucestershire, Berkshire and Wiltshire. This lasted until 27 November 2025.

Autumn

Autumn was characterised by mild, wet weather, rainfall of about 40% above average and periods of heavy rain and storms.

Winter

Southern England recorded its eighth warmest, and fourth wettest, winter on record. The University of Reading's atmospheric observatory recorded the longest unbroken spell of rainfall ever recorded.

Spring

The mild temperatures continued into spring which was drier than average, with March rainfall in the South East at 59% of the long-term average.

How weather impacts our performance

Prolonged wet spells

In periods of heavy rainfall, flows into our treatment works can exceed the capacity they are designed to handle. When this happens, we store excess flows in storm tanks to return to the treatment process when we have the capacity. If the tanks also reach capacity, screened, but untreated storm water, is discharged to prevent flooding of homes and businesses.

Prolonged wet weather results in excessive groundwater which may overload our sewers causing sewer flooding incidents. This is due to our combined sewer system which means both sewage and rainwater use the same pipes.

Wet, but mild, weather stabilises soil conditions around our pipes decreasing the likelihood of burst mains that cause leakage (and potentially supply interruptions), as well as reducing the risk of sewer collapses.

Prolonged dry spells

Periods of hot dry weather cause an upsurge in demand for water, putting pressure on our ageing asset base as we expand our capacity to meet the increased need.

Prolonged dry spells impact our ability to replenish our water storage levels and makes abstraction more challenging.

They also cause the soil around our pipes to dry out resulting in movement that leads to an increase in leakage.

Freeze/thaw events

Rapid temperature changes increase the chances of burst pipes, resulting in a higher level of leakage, sewer collapses and mains repairs.

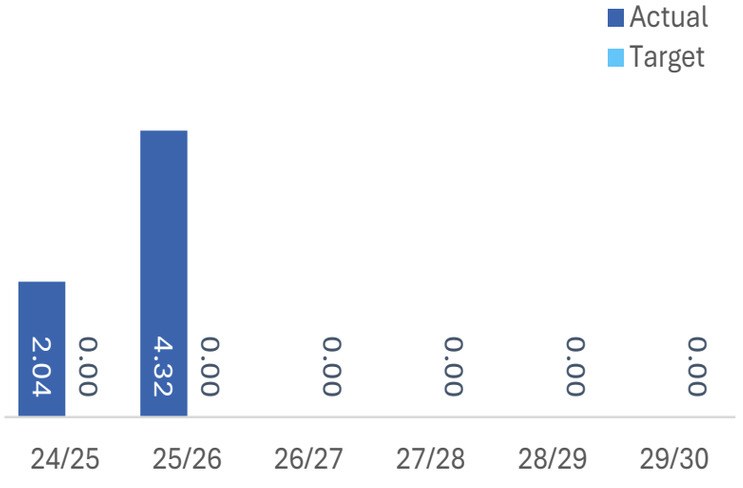
Compliance risk index ('CRI')

Sum of individual CRI scores for every compliance failure reported during the year

A lower score is better

Target not met

Penalty: £6.780 million



How we've performed

While our underlying risk score remains strong, we have not achieved the same level as 2024, when we ranked fourth among the water and sewerage companies ('WaSCs').

In September 2025, routine monitoring identified coliform bacteria at two large water treatment works ('WTWs') in London. Coliform is a group of bacteria commonly found in the environment.

Although there was no impact on public health, these events contributed approximately half of our CRI score of 4.32 and significantly increased our overall ODI penalty.

Failures at larger WTWs have a disproportionate impact on CRI performance because the calculation takes account of the volume of water supplied to customers. As a result, incidents at these sites can materially affect the overall score.

Our CRI performance reflects failures across water treatment works, service reservoirs, authorised supply points and water supply zones. While performance at service reservoirs has improved, we recognise the need for further action to reduce failures across all asset types. Within water supply zones, the main contributors to the CRI score were microbiological detections and the presence of metals such as nickel and lead. These issues are typically linked to internal plumbing systems or individual property arrangements rather than the wider distribution network.

This is a calendar year measure, commonly referred to as "water quality". It measures risk, not water quality itself.

Our PC performance is the same as that in the Drinking Water Inspectorate ('DWI') Chief Inspector's Drinking Water 2025 report published on 8 July 2026

What we're doing to improve our performance

We're seeing positive change through workstreams in our Public Health Plan ('PHP'). For example, we've seen improvements in service reservoir performance as a result of refining our approach to inspections - those reservoirs deemed to be at greatest risk are now inspected more regularly (up to three times a year).

Another PHP workstream identified upgrades were required to our statutory sampling facilities so that we could improve detection of potential failures. As a result, this year we've completed upgrades to 37 of our 91 sampling facilities, with the remaining 54 upgrades planned for next year.

We actively analyse failures to understand how to avoid the same failure in the future. For example, a key learning from one of the failures at our WTWs was that we needed to accelerate remedial works on site.

We're investing in training to further upskill our staff. In the year, 60 employees have been through manager training. We also have an ongoing 'Licence to operate' certification requirement that all our network and production technicians must comply with.

We continue to work closely with DWI on our overall risk position.

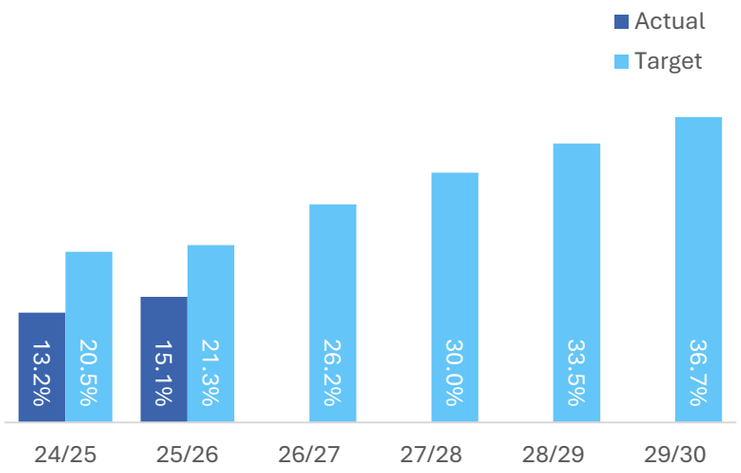
Leakage

Percentage reduction of three-year average leakage in Ml/d from the 2019-20 baseline

A higher % is better

Target not met

Penalty: £28.630 million



How we've performed

Leakage reduction is an essential part of our plan to make sure that we've a sustainable and resilient water supply; it's a key area of focus for us, and we expect to invest c.£3 billion in AMP8 on activities that will provide a leakage benefit.

Ofwat sets leakage targets individually for companies, so it is difficult to compare industry performance. That said, at 13.2% reduction last year, we performed third best of all the water and sewerage companies ('WaSCs').

This year, our leakage has again decreased but not as fast as we, or our regulators, would like.

The fragility of our assets means that the impact of weather conditions on our leakage levels is amplified, as seen during extended dry periods in 2025 which put our pipes under stress, and also in the winter of 2026 when a drop in water temperature "shocked" the system as the pipes contracted, resulting in a sharp rise in visible leaks in January 2026.

Ofwat uses % reduction in leakage to measure performance, but as a Company we also monitor annual and three-year average Ml/d through our monthly management reports.

What is leakage?

Leakage is the difference between the water we put into distribution from our WTWs for our customers to use and the consumption of that water.

*Consumption by our customers, used operationally by us and other uses (e.g. the fire brigade)

- Reporting leakage is complex and involves the calculation of many components, including estimates of the amount of water used by unmetered customers and the population in our area (adjusted for visitors etc.);
- In addition to the calculation above, we also "estimate" leakage using the assumption that, after adjustments, any water usage recorded at night (known as "night use") is actually leakage. The two outcomes are combined into a single leakage number using Maximum Likelihood Estimation ('MLE') statistical methodology; and
- Leakage includes water loss on the customer side of the network and unauthorised water use.

About the calculation

Ofwat measures our performance against three year averages using a baseline of 2019/20 (average of years 2017/18, 2018/19 and 2019/20). Our leakage this year is the average of 2023/24, 2024/25 and 2025/26.

This movement is expressed as a percentage movement against the baseline.

What we're doing to improve our performance

Our AMP8 leakage strategy focuses on end-to-end leakage management and is structured within the PALM (Prevent, Aware, Locate and Mend) industry principles of leakage management.

Key components of our strategy include:

Our governance framework

We track and monitor leakage performance monthly throughout the year through a three-tier governance framework:

- Benefit reviews at a local level, using a campaign management approach that treats each activity like a mini-project;
- Leakage task force which provides a consolidated view of performance and tracks timely action on emerging risks; and
- Individual programme strategic boards that manage the specific risks and impacts associated with each initiative.

Our Executive Team including our CFO and CEO have full visibility through our monthly business reviews, including escalations and emerging risks that require senior input.

We report leakage levels quarterly to Ofwat.

Management of leakage at DMA level

Our network is split into district metered areas ('DMA'), which is a discrete water supply management area that, on average, covers 2,300 properties.

We dynamically manage asset data at a DMA level, so that we have a better understanding of when and where leaks occur, and can react more quickly to repair each leak.

Active Leakage Control ('ALC') campaign

Introduced in November 2023, this is the framework that we use to manage our leakage control activities. Our approach is to focus on "quality" rather than "quantity" of pinpointed leakage to make sure that our leakage control interventions focus on where the most benefit can be derived. We're continuing to refine our approach.

Fixing leaks more quickly

We estimate that our asset base is deteriorating faster than our current replacement rate, and this results in us having to fix more leaks each year. Our ambition is to offset this deterioration by replacing 200-250 kilometres of pipes per year by the end of AMP8, linking this delivery to DMA targeting.

Pressure management schemes

We're front-end loading delivery of our programme of new pressure management schemes, focusing on Calm systems that will minimise leakage and bursts by creating new pressure managed areas.

These schemes will also optimise average zonal night pressure and improve our existing pressure managed areas.

Analysis of acoustic sensors data

We've over 70,000 acoustic sensors ('loggers') that we use to monitor flows and identify leaks (end of AMP7: 21,000). We'll continue increasing the estate, prioritising areas with the highest level of leakage breakouts, until approximately 50% of pipes within our DMAs have permanent logging in place.

We've also integrated a machine learning application that analyses logger alarms to identify leaks from the available data. As a result we have nearly doubled our leak detection reporting accuracy rate this year from 35% to 65%.

Analysis of smart meter data

We use smart meter data to prioritise leakage activities. We've re-prioritised our rollout of smart meters with a focus on Thames Valley water resource zones and targeting the priority 400 DMAs.

Through smart meter data, 94% of customers take action when we advise them about leaks on their property, helping us deliver greater leakage savings from properties with a smart meter over the last three years.

New metering technology

This year, we've deployed new smart metering technology enabling deployment in areas of our network that are not covered by conventional communication masts. This has provided insights into different customer groups' water usage habits and improved our understanding of leakage on both our water network and our customers' pipes. We will use the information to improve our targeting of leakage and water efficiency initiatives.

Satellite surveys

This year, we successfully trialled working with a third-party supplier of satellite surveys who provided us with point of interest ('POI') information. Due to its success, we're expanding this across our estate so that we will receive POIs every six days. POIs provide us with "warm leads" to investigate in the field, making us much more efficient in pinpointing leaks, driving higher productivity.

Improving productivity of our leakage repairs programme

We are committed to the delivery of leak cycle-time improvements and reduction in the average age of leaks. We will do this through innovation and actively utilising no dig technology. Building upon our ALC campaign approach, we continue to refine and improve our productivity through a blended focus on campaign duration, campaign effectiveness and productivity, to manage performance at a DMA level.

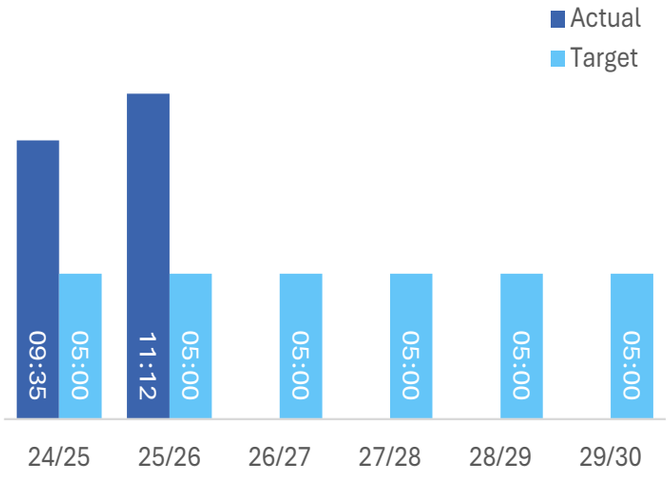
Water supply interruptions

Average length of time our customers don't have water, for interruptions lasting three hours or more (in mm:ss)

A lower time is better

Target not met

Penalty: £11.660 million



How we've performed

We missed our target and our overall performance deteriorated in comparison to last year. However, for the first 11 months of the year we were forecasting to deliver our best-ever performance.

Our outturn position of 11:12 was ultimately defined by a single 800mm trunk main burst in March 2026 which accounted for over a third of our total performance. We're proud of our performance improvement, but recognise that we've still missed our regulatory target.

Our day-to-day performance continues to build on the largest percentage reduction in the industry from 2023/24 to 2024/25 (43%) and, within this reporting year, we achieved our best ever month and best ever quarter since the 3-hour reporting time frame was introduced.

Our sustainable underlying improvement is due to:

- Developing repair methods which do not require customers' supplies to be switched off;
- Increasing resources who focus on enhanced maintenance, completing 91.4% in the reporting year, increased from 87.9% in the prior year;
- Effectively managing our resource deployment to large incidents as early as possible to focus on supply restoration;
- Embracing technology to improve our pressure understanding during incidents; and
- Understanding root causes to prevent repeat failures.

This is the average number of minutes and seconds our customers don't have water, when an interruption has lasted for three hours or more.

We have significantly reduced the frequency and scale of large supply interruptions from water treatment works failures. However, we have seen four trunk mains bursts account for half our overall performance, with these bursts having the potential to impact large numbers of customers.

The very dry ground conditions in the summer contributed to a 77% increase in trunk mains bursts in the year (from 60 to 106), and a 38% increase in overall bursts during the year.

Large incidents

Our four largest incidents, making up c.70% of our overall performance were:

- 800 mm trunk main burst in OX29, in March 2026 (impact 04:00);
- 4" burst in OX3 in July 2025, where we proactively shut the main, with the isolation stopping the supply from a reservoir (impact 01:09);
- 24" main burst in CR4, in July 2025 (impact 00:40); and
- 2 bursts on an 8" water mains in GL55, in August 2025 (impact: 00:40).

What we're doing to improve our performance

We'll pivot our focus from underlying performance improvements towards how we better understand and plan for our trunk mains bursts on single points of failure for the coming years.

We'll continue to adopt a strategic and sustainable approach to reducing the volume of planned outages, and managing and mitigating unplanned supply interruptions.

We'll target asset refurbishment or replacement in our distribution network where we have high frequency of supply interruptions.

We'll focus on replacing trunk mains of highest risk, for example those near basement properties and underground infrastructure across AMP8. For lower risk pipes, we continue to build upon our learning, targeted resilience, and use of technology in such occurrences to enable us to better manage trunk bursts.

We're more vulnerable to supply interruptions in the Thames Valley where there are fewer network re-routing options, than in London, and there can be challenges to identifying burst locations in the large transfer water mains. To address this, we're:

- Using night-vision drones to help us identify burst locations;
- Recruiting 12 specialist field-based resources with specialist equipment, dedicated to the continuation and restoration of supplies within TVHC; and
- Employing remote-controlled operations to some of our higher burst frequency trunk mains valves isolating bursts and rerouting supplies from our control room, mitigating the scale at which we lose pressure whilst we mobilise our resources to site.

We're introducing "Smart Valve", a field-based application, to give near-real time visibility of all valve statuses across our network. We're also developing "Smart Systems", a tool for enabling quicker identification of network issues.

About the 800mm trunk main burst in Swinford

This started as a small leak which developed into a complex repair that we only see once in a decade. The incident could have been of significantly higher impact, but was controlled and managed effectively, whilst minimising the impact to customers throughout.

The trunk main, the main feed into a major reservoir that feeds six additional reservoirs supplying a total of 45,000 properties, burst on 4 March 2026. We completed the repair at 21:00 on 6 March 2026. At that time, around 7,000 customers were still without water as the network needed time to refill and re-pressurise.

The repair was particularly complex as the:

- Burst was located in a field only accessible by a bridge, whose weight limit was lower than the weight of the machinery that we needed to fix the burst;
- Pipe was next to a river on a flood plain producing fluidised soil and was 5 metres deep, leading to very challenging excavation conditions;
- Two high voltage services in close proximity made the repair more difficult; and
- Repair required divers to assess the burst prior to bespoke fittings being manufactured.

Whilst we're very disappointed that this happened, and that the incident demonstrates the fragility of our assets and existence of single points of failure, it also highlights how well Thames Water responds to a major incident.

Thank you to our customers

Our ambassadors at the bottled water stations were met with incredible kindness from customers—even in the cold. Many turned up at our bottled water station at the supermarket with cakes, sweets, and handwritten notes of thanks, recognising the long hours and hard work of our teams.

The bridge to the field where the burst was located

Pollution incidents

Number of pollution incidents (categories 1 to 3) per 10,000km of our wastewater network

A lower number is better

Target not met

Penalty: £28.083 million

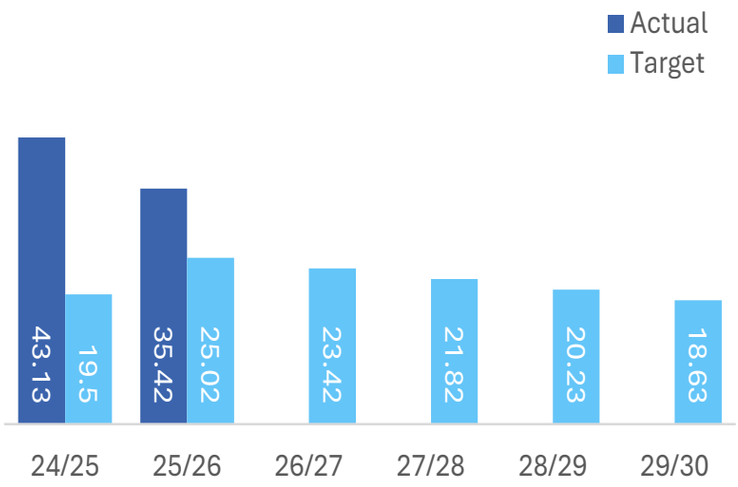
Serious incidents

Number of pollution incidents (categories 1 to 2)

A lower number is better

Target not met

Penalty: £35.810 million



How we've performed

Our size means that we have more pollution incidents than smaller companies but, when normalised by length of sewer so that our performance can be compared to others in the industry, we anticipate that our performance will be third out of the 11 Water and Sewerage Companies ('WaSCs').

Reducing pollutions is a vital component of our turnaround plan and is a key focus for everyone in the company. We know that, while our performance has improved both in terms of total incidents and serious incidents, we remain significantly above the targets set by Ofwat.

We're investing record sums in upgrading our sewer systems and treatment works, as set out in our AMP8 Final Determination.

Our improvement is due to extensive management oversight, improvements to our sewage treatment monitoring processes, and network initiatives (including improved speed of response and utilisation of our smart network to alert us of incidents).

Despite our improvement, at £63.89 million our combined penalty has trebled (2024: £21.9 million) due to the introduction of a separate penalty for serious pollutions in AMP8.

Pollution incidents

We have had 18% fewer incidents than last year (2025: 386, 2024: 470).

Serious pollution incidents

This year, we recorded 24 serious pollution incidents, a reduction on the 33 we recorded last year.

However, we recognise that our serious pollutions are still too high.

Breakdown of our performance

We investigate the root cause of all pollution incidents, but find that there is often a complex mixture of causal and contributory factors. For example, a pollution may be the result of a blockage, caused by paper caught on tree roots, that entered the sewer because of a joint misalignment.

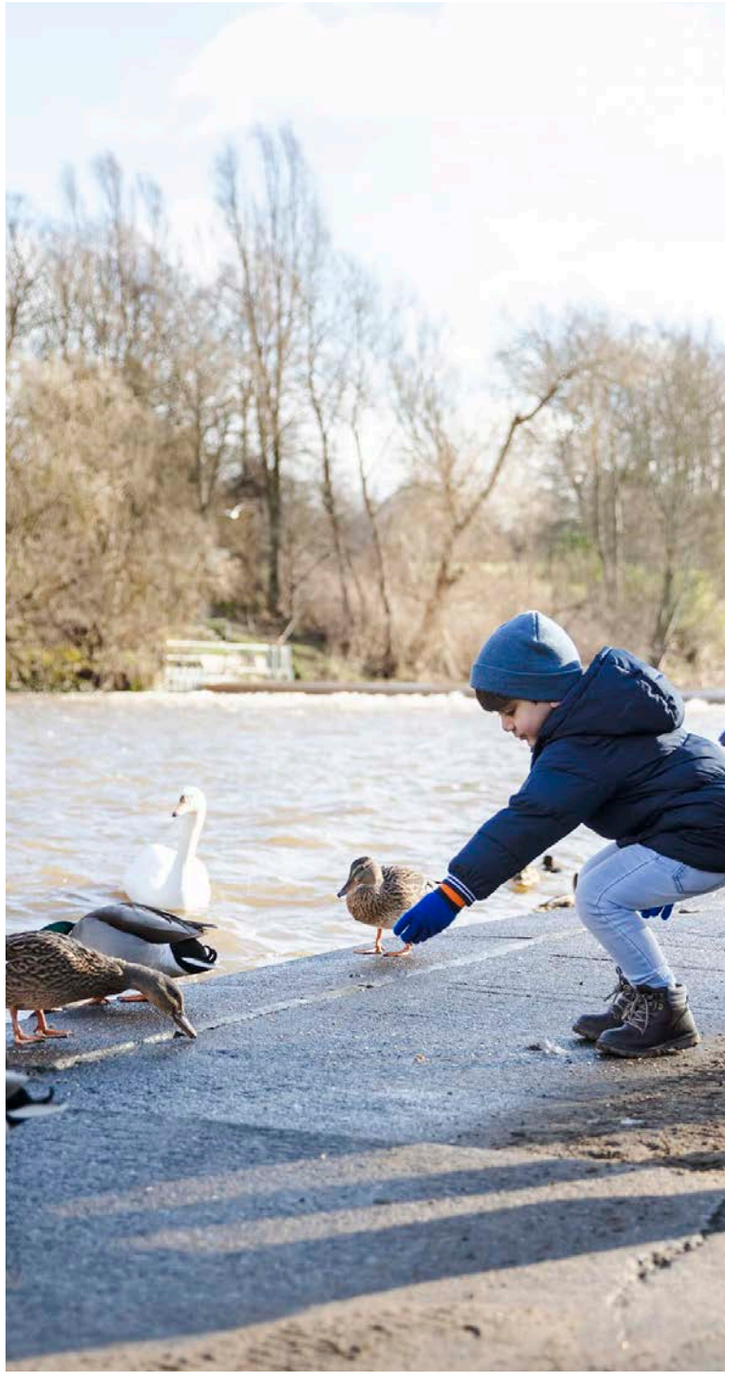
By Type

	25/26		
	Cat 1-2	Cat 3	Total
Clean water	2	N/A	N/A
Network	14	235	249
Treatment	7	110	117
Pumping	1	19	20
Total	24	362	386

By Root Cause

	25/26		
	Cat 1-2	Cat 3	Total
Blockages	12	150	162
Hydraulic overload	2	34	36
Equipment failure	1	25	26
Structural	1	41	43
Third party	2	21	23
Process capacity	3	33	36
Other	3	58	60
Total	24	362	386

The graph opposite shows normalised performance for our total pollution incidents.
These are calendar year metrics.



How we've performed (continued)

There's a correlation between the number of incidents from our assets and high rainfall and groundwater levels and, this year, treatment works pollutions are lower due to lower flows. The dry summer also means that we saw less stress on our assets resulting in fewer hydraulic overload pollutions.

Reducing pollutions is at the heart of our transformation plan and, as part of our targeted approach, we've made improvements this year that have positively impacted our performance. These include additional resourcing, targeted sewer cleaning, better response to sewer depth monitor alarms, and improved critical maintenance of treatment works. Blockages and third party issues (especially where waste pipes have been plumbed into surface water drains) continue to be the main cause of incidents, together accounting for 48% of all pollutions. Blockages have increased this year, as lower flows means we have more siltation and deposit of solids in our pipes.

In November 2025, we published our plans made following the conclusion of the Ofwat investigation into all wastewater companies in England and Wales on how they manage their sewage treatment works, and in May 2026 we published our first report detailing performance against those plans.

Our Ofwat Enforcement Order six-monthly report can be found on our website.

A pollution incident is a discharge that affects the water environment categorised from 1 (the most serious) to 4 (minimal or no impact).

Ofwat includes clean water incidents in the serious pollutions performance calculation, but not in our total pollutions reporting.

What we're doing to improve our performance

We are committed to targeting interventions on the root causes of pollutions. We also have a power resilience programme to counter the rise in power outages during the 2020-2025 AMP7 period.

Our Pollution Incident Reduction Plan ('PIRP') sets out how we're going to improve our environmental performance through a systematic approach based on three key elements:

- Targeted initiatives to prevent pollution incidents at the source;
- Improved response to incidents to prevent and minimise any impact; and
- A culture that encourages pollution-reducing behaviours among our colleagues, partners and customers to improve river water quality.

Our PIRP forms part of our wider river health strategy, which states our ambition to discharge higher quality treated effluent to required standards, reduce potentially polluting discharges to our rivers and work with partners to improve river water quality.

Click on the link below to see our latest plans:

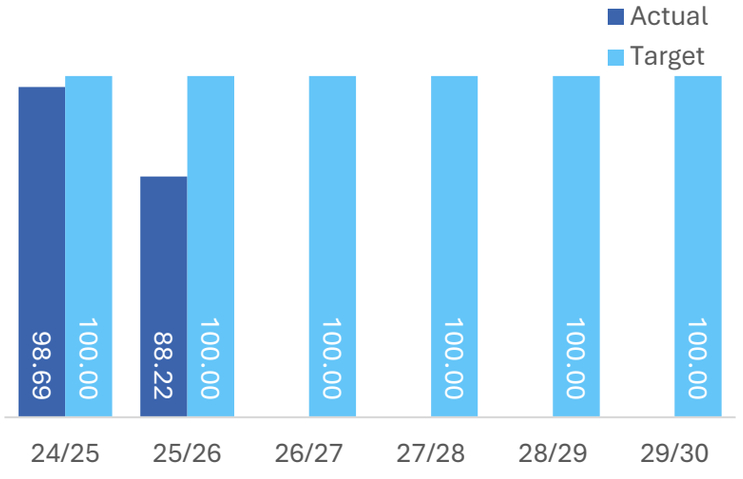
Discharge permit compliance

Percentage of water and wastewater treatment works meeting their discharge permit conditions

A higher percentage is better

Target not met

Penalty: £13.200 million



How we've performed

Our performance has deteriorated this year, meaning that we've missed Ofwat's target. 88.22% of our assets were compliant with their permit conditions.

The majority of our failures relate to our programme of schemes for the removal of phosphorous (within WINEP) and the fact that new permit limits have come into force reflecting the original delivery dates which we didn't meet.

336 of our 382 sites were compliant with our discharge permit conditions. The remaining 45 were non-compliant due to:

- 43 being impacted by delays in the implementation of our AMP7 WINEP phosphorous removal schemes. The out of date permits are counted as failures for this measure; and
- Two breaches of permit limits (one chlorine spillage at a WTW and one biological oxygen demand ('BOD') incident at an STW).

This is a calendar year measure.

The discharge permit compliance metric is reported by the number of failing sites, not the number of failing discharges.

Sites are considered a 'fail' if the discharge permit is out of date, even if the discharge itself is within the consent level.

What we're doing to improve our performance

We're working hard to step up our delivery activity in AMP8, particularly for the AMP7 removal of phosphorous programme alongside our AMP8 WINEP programme site investments.

Looking ahead, we are strengthening site-specific controls at our high risk sites to reduce the number of site failures that we experience.

We're also developing a process that will allow us to better understand the root cause of failures and better inform our mitigation strategies.

Discharge compliance risks are reviewed by senior management in monthly Environmental Governance Board ('EGB') meetings.

Note

We expect Ofwat to amend this PC, and its ODI mechanism, from year 2 of this AMP in line with changes to the EA's Environmental Performance Assessment ('EPA').

Any change to counting permitted discharges rather than sites would have a negligible impact on our score.

However, a change to count failures on a rolling year basis rather than calendar year could have a much more significant impact on our performance.

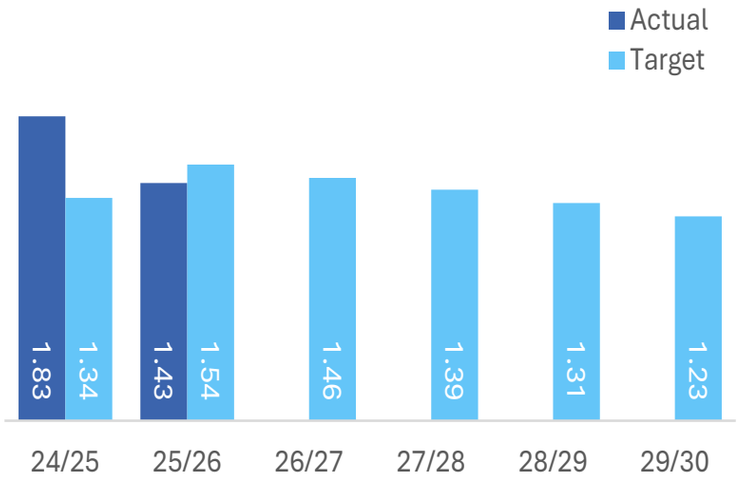
Internal sewer flooding

Number of internal sewer flooding incidents normalised per 10,000 sewer connections

A lower number is better

Target met

Reward: £3.850 million



How we've performed

Our internal sewer flooding performance has improved for the fifth year running and we've performed better than the target set by Ofwat.

We have put preventative initiatives in place which positively influence this measure, including:

- Customer education through the 'Bin It, Don't Block It' campaign;
- Targeted inspections of food service establishments by the Network Protection Team; and
- Our planned maintenance and sewer depth monitoring ('SDM') deployment programmes continue to play a key role in identifying and addressing blockages before flooding occurs.

Our planned maintenance programme targets locations prone to flooding and blockage, while our SDM programme continues to perform strongly, improving our real time monitoring of sewage levels within a sewer, by identifying a blockage for every six SDMs installed.

Separately, we have a blockage hotspot team that proactively identifies areas of concern that inform these programmes.

This measure Includes flooding due to severe weather events.

For clarity, five properties which suffer two flooding events during a year, count as ten incidents.

Where a property floods both internally and externally during the same event it shall only be recorded as an internal flooding incident.

What we're doing to improve our performance

In the short term, we'll continue delivering existing initiatives, including increasing the pace of SDM installation.

We've a new performance intelligence framework which will improve how we manage preventative maintenance.

We're rolling out our flooding standards adherence project which will assess properties affected by hydraulic internal flooding to identify opportunities for property-level protection.

In the longer term, our SDM, planned cleaning and hydraulic mitigation programmes will continue alongside a new programme addressing properties impacted by more complex flooding issues, supporting sustained reductions in internal sewer flooding.

Further disclosures

Note on sewer jetting

We confirm that we consistently report flooding caused by sewer jetting or backwash in line with the reporting guidance.

In the year, there were nine internal backwash incidents and ten external ones.

Note on building extensions

Currently, we're not able to identify floods due to extensions separately but we can confirm that all flooding incidents relating to building extensions are classified as internal sewer flooding.

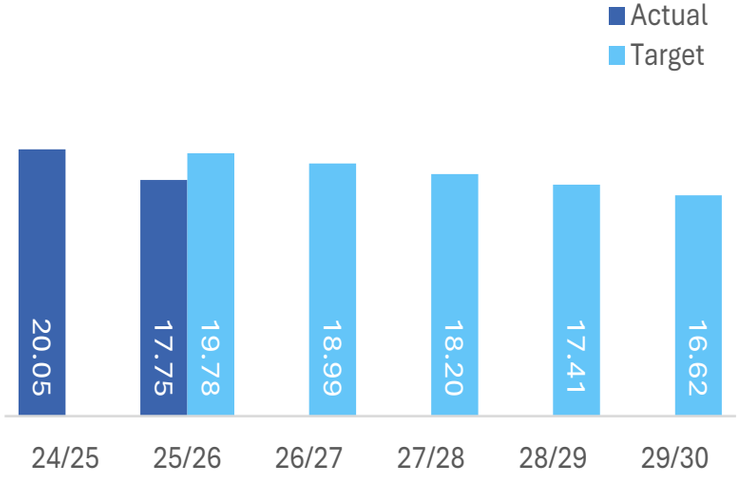
External sewer flooding

Number of external sewer flooding incidents normalised per 10,000 sewer connections

A lower number is better

Target met

Reward: £11.730 million



How we've performed

External sewer flooding is a new performance commitment for us this AMP. We've performed better than the target set by Ofwat, earning a reward.

Our performance this year has benefited from many of the same preventative initiatives supporting internal sewer flooding, including customer education, targeted inspections of food service establishments and focused activity by the blockage hotspot team.

Customer behaviour remains an ongoing challenge and sewer misuse continues to be a major contributor to blockages in our system. We have successfully prosecuted significant sewer abuse offences, including takeaway businesses.

What we're doing to improve our performance

In addition to the improvements set out for internal sewer flooding, we'll also be expanding our flooding standards adherence project to include external sewer flooding.

We've introduced a "baby hedgehog" (hoglet) device to clear blockages caused by wet wipes in narrow sewer pipes. Measuring just 10cm in length, its compact design allows it to travel through smaller pipes, clearing wipes and debris before they build up into more serious blockages. By removing these early-stage obstructions, the hoglet not only helps prevent sewage backing up into homes, but also reduces pressure on the wider network.

This measure includes flooding due to severe weather events.

For clarity, five properties which suffer two flooding events during a year, count as ten incidents.

Where a property floods both internally and externally during the same event it is only recorded as an internal flooding incident.

Fat, oils and grease poured into a sewer by a takeaway

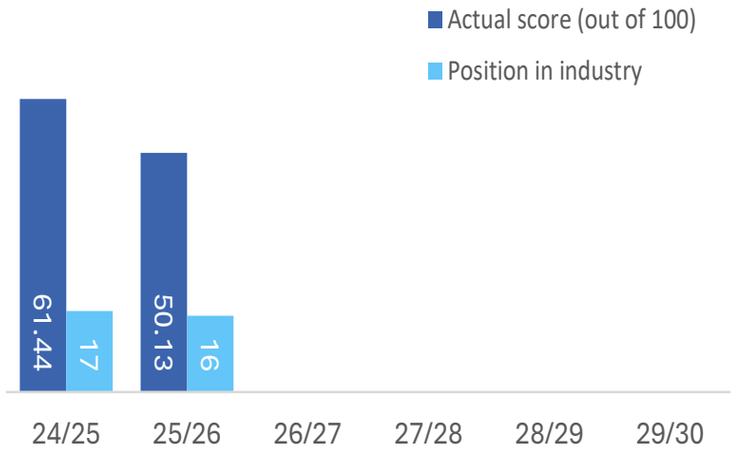
Baby hedgehog tool clearing wet wipes

C-MeX

Household customers' experience and satisfaction out of 100

A higher score is better

Penalty: £34.908 million
(below average UKCSI performance)



How we've performed

For the first time in a number of years, we've improved our industry performance and rank 16th out of the 17 WaSCs. However, our satisfaction levels, and those of all companies, have fallen compared to last year as the method of calculation has changed for AMP8.

Our penalty has risen from £13.7 million to £34.9 million. This is because Ofwat has changed the way penalties are calculated this AMP: instead of comparing our performance within the water industry, our score is now measured against the UK Customer Satisfaction index ('UKCSI'), a wider measure of customer satisfaction.

Media coverage has continued to impact our score this year, with customers influenced by our pollution performance and broader discussions around investibility.

While these external factors are largely outside our direct control, they do have a bearing on customer perceptions and expectations when surveyed.

Over the past year, we have focused on embedding our customer strategy across the business, including improving the speed of resolution for customers. This has provided clearer direction and alignment around customer outcomes.

We have also targeted changes to ways of working and prioritisation which have helped teams resolve issues more quickly and reduce repeat contact, supporting improved customer experience.

Additionally, we delivered our internal "Make it Easy" training programme, designed to simplify customer interactions. This has helped colleagues better understand customer needs and remove unnecessary complexity from processes, positively impacting customer experience.

What we're doing to improve our performance

We'll continue to implement our customer service strategy, making sure that it is fully embedded in day-to-day decision-making and delivery.

We're reviewing customer outcomes across our teams and will continue to use customer feedback to shape and refine our approach. This will help maintain improvements seen in Year 1 and enable continued focus on delivering consistent and positive customer experiences.

Delivering our customer strategy remains a central driver of long-term improvement, supporting consistent behaviours, prioritisation, and investment decisions across the business.

The score is the combination of customer surveys (those who've contacted the company directly and randomly selected residential customers).

Penalties and rewards are calculated by comparing company performance against UKCSI.

BR-MeX

Business and retailer customers' experience and satisfaction out of 100.
A higher score is better.

Penalty: £2.082 million (below average industry performance)

How we've performed

This is the first year for BR-MeX and we finished the year with a score of 76.66%, one percentage point below the median score of 77.69, placing us 10th out of 15 wholesalers.

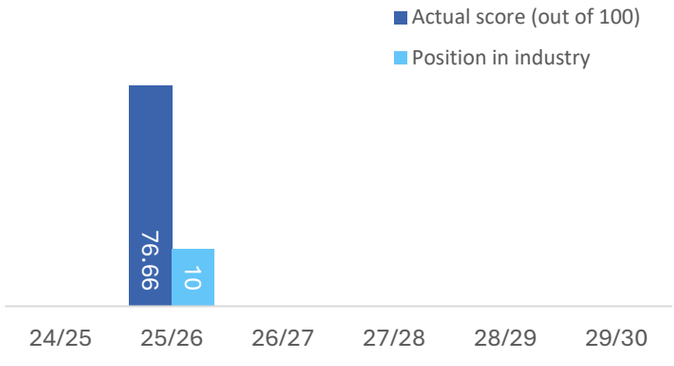
We performed strongly in the market performance metrics, scoring 95.05 (8th) for our bilateral performance (M15/M18) and 96.17 for our property data (M12). We've improved operational grip for bilateral requests, and our new dashboards enable timely insight and data-led decision-making. We've dedicated resources to improve property data. We scored 66.49 in our business customers' survey (13th) and 78.22 in our retailers' survey (10th). Our retailer score improved over 10% against the prior year.

We've strengthened retailer engagement through a step change in account management and structured interaction, improving retailer visibility of our internal hand-offs, introducing complex case resolution capability and by increasing automation to reduce errors.

We continue to collaborate with retailers to reduce long unread meters, which closed the year at 8.13%, down from 13.32% at the start of the year.

What we're doing to improve our performance

We'll continue our BR-MeX improvement programme, informed by business customer and retailer feedback. We've multiple initiatives approved and funded for 2026/27.



The score is the combination of two customer surveys (business and retailer) and market performance metrics. Penalties and rewards are calculated by comparing company performance against median industry performance.

D-MeX

Developer services customers' experience and satisfaction out of 100.
A higher score is better

Penalty: £12.132 million (below average industry performance)

How we've performed

We and the wider water industry continue to be challenged by poor customer perception, and we've seen our D-MeX score decline this year. Despite this, we're pleased to report that we've improved our position in the league table and are placed 14th out of 17 WaSCs.

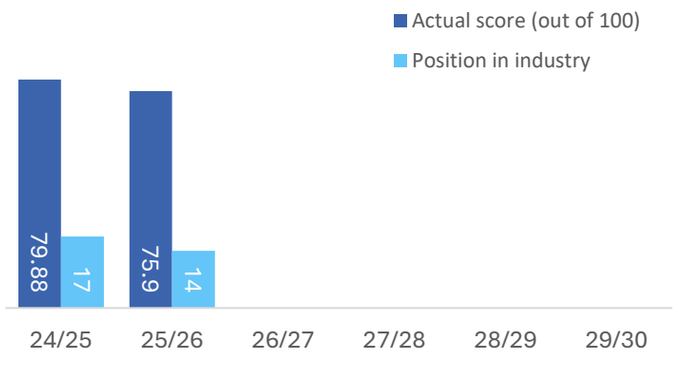
Our decline in absolute terms is partly the result of calculation changes but rising costs continue to impact our customers including increases for lane rental schemes, inflationary increases and changing work mix. Our connection prices are further impacted by actual volumes being lower than those used in our tariff modelling to cover our overheads.

We relaunched our customer survey review process, recruited additional resources to target areas we know are important to our customers and hosted over 100 large developers, self lay providers and new appointment and variation ('NAV') customers at our annual Developer Day. During the year, we created our D-MeX transformation team which will drive our improvement plans and began using phone technology, supported by AI.

What we're doing to improve our performance

We'll continue to improve our account management function and embed our system transformation programme (Project Axis) so that we've real time visibility of workload.

We'll build on our existing training and quality plans, expanding the use of our new phone technology. We're also developing an online portal so customers can self-serve where appropriate.



The score is the combination of customer surveys and service performance metrics. Penalties and rewards are calculated by comparing company performance against industry performance. The calculation method has changed since AMP7.

Customer contacts about water quality

Number of times the company is contacted by consumers about water quality reported per 1,000 resident population A lower score is better.

Target met Reward: £0.730 million

How we've performed

We've exceeded the target set by Ofwat for this measure, and we've earned a performance reward. We've also improved on last year's performance.

The number of contacts that we received for discoloured water was the lowest in the industry this year.

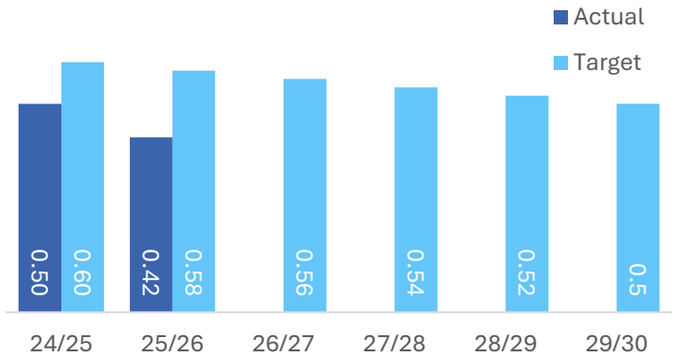
What we're doing to improve our performance

Our SmartWater application is expected to go live this summer and we'll then be able to identify emerging water quality issues in real time through the integration of customer contact data, geo-spatial information, network operational data, and historic performance within a single system. We'll be able to intervene more proactively to reduce the number of customer contacts even further.

Over the longer term, we're progressing several other improvement workstreams:

- Analysis of historical complaint data to identify the poorest performing areas;
- Updates to our Drinking Water Safety Plans;
- Enhanced network operations to focus on root cause analysis; and
- Proactive intervention in areas of persistent poor water quality.

We will also continue targeted marketing campaigns and proactive customer communications to reinforce improvements.



The scope of the performance commitment has changed for AMP8, and now excludes contacts about illness. Appearance and taste, and odour contacts remain in scope.

Repairs to burst mains

Number of repairs we have made to the network per 1,000 kms of mains.
A lower number is better.

Target met Reward: £13.452 million

How we've performed

For the third year running, we've exceeded Ofwat's target for this measure.

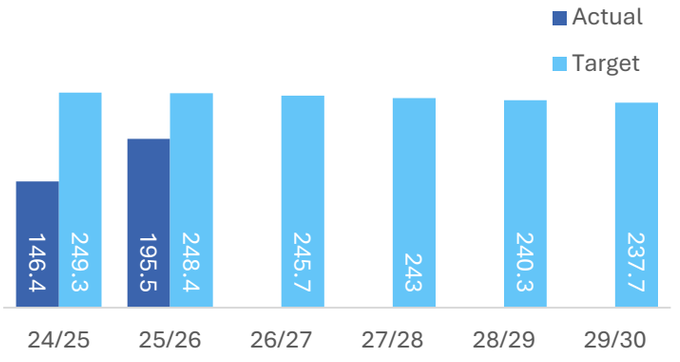
As we've explained in the leakage section, our active leakage control ('ALC') campaign means that we're focusing on repairing mains with the highest leakage volumes. As a result, the average leak that we repair is twice the size that it was previously.

Other positive contributors to our performance include enhanced operational oversight of repair teams and ongoing improvements in repair quality.

Our repair volumes will probably increase next year as our ALC approach, and the data insights it provides, matures.

What we're doing to improve our performance

In the short term, we'll continue to focus on repairs and detection activities as part of the Leakage Transformation Programme. Over the longer term, output from the mains replacement programme will increase throughout AMP8 and into AMP9, supporting sustained reductions in repairs and leakage risk.



A full list of the planned maintenance to improve our network in London can be found on our website.

Bathing water quality

Percentage score, weighted by classification of excellent (100%), good (66%), sufficient (33%) or poor (0%) for each eligible bathing water. A higher score is better.

Target met Reward: £1.210 million

How we've performed

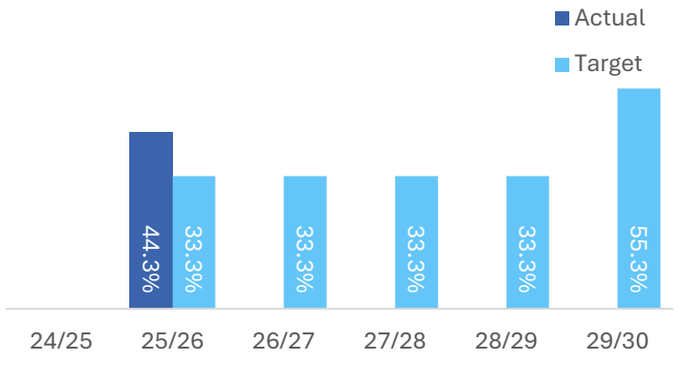
This is a new performance commitment and we've performed better than our target. We've also improved on the equivalent metric last year (2024/25: 33.3%).

We have three bathing waters in scope for this performance commitment and their water quality is measured by the EA between May-September. The sites are:

- Wolvercote Mill Stream near Oxford: water quality is poor and is forecast to remain poor next year as it is negatively impacted by road and agricultural run-off;
- Wallingford Beach on the River Thames: water quality was expected to be poor but is sufficient due to fewer significant rainfall events during the year, meaning fewer permitted sewage spills; and
- Frensham Great Pond near Farnham: water quality is excellent and forecast to remain at this standard. It is in an area of heathland and has few potential sources of pollution other than litter.

What we're doing to improve our performance

We anticipate maintaining this performance next year, but performance is sensitive to any extreme weather events.



Eligible bathing waters are defined by the EA in line with the Bathing Water Regulations 2013.

Biodiversity

The net change in the number of biodiversity units on nominated land per 100km² of land in the company's area. A higher score is better.

Target met Reward: £0.000 million

How we've performed

This is a new performance commitment that incentivises us to conserve and enhance biodiversity in the exercise of our operational functions. The target set by Ofwat this year was zero (i.e. no deterioration). Biodiversity gains generated through our interventions will be reported towards the end of the AMP period.

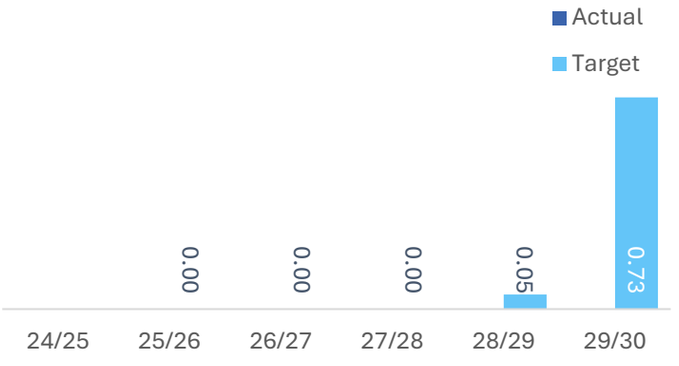
Over the past year, we've undertaken a comprehensive site selection process using a multi-criteria assessment framework that included site extent, existing habitat distinctiveness and condition, and functional connectivity to surrounding ecological networks.

This exercise identified 12 large-scale sites and we're working with specialist contractors to design and deliver a range of habitat enhancement projects (e.g. the creation of wetlands and pond complexes, tree and hedgerow planting, and grassland restoration).

We've partnered with a satellite imagery specialist to establish a baseline assessment of all Thames Water operational sites. This baseline will enable us to monitor and demonstrate that biodiversity across our wider landholdings is not deteriorating over time.

What we're doing to improve our performance

We'll continue to engage with a wide variety of contractors and stakeholders to champion the requirements of this PC.



A biodiversity unit is a measurement of an area's value to wildlife. It is based on the size and quality of habitats, and whether the habitat is sited in an area identified as being of strategic significance for nature.

Unplanned outages

Percentage of water we were unable to supply due to unforeseen circumstances.
A lower % is better.

Target met Reward: £1.710 million

How we've performed

Our performance has remained fairly stable since establishing this performance commitment in 2020. We have performed better than Ofwat's target.

Our continuing focus on our public health transformation plan*, and on Water quality (compliance risk index) through our Turnaround, has synergistic benefits for unplanned outage performance, while regular engagement with operational teams has improved our understanding of outage root causes and strengthened verification of unplanned outage events.

A one-off water quality event at a London WTW at the beginning of 2026, relating to cryptosporidium, temporarily increased monthly outage levels. Without this event, year-end performance would have been materially lower. The outage did not impact water quality.

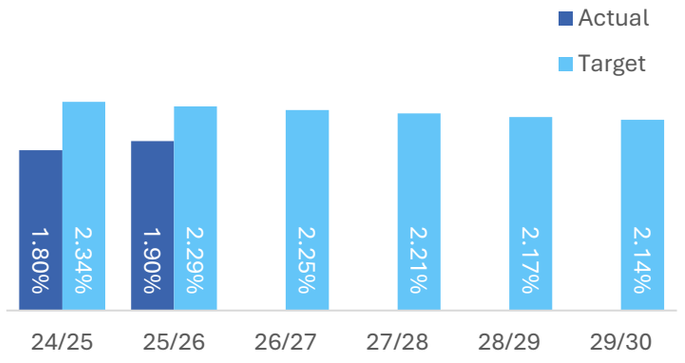
What we're doing to improve our performance

In the short term, we will continue to monitor our outage performance on a monthly basis.

By increasing automation of our reporting we will be able to increase performance visibility, improving the engagement with the operations teams.

Over the longer term, we plan to invest at large process plants in London to mitigate the risk of future cryptosporidium related events and improve resilience.

* We do not publish our plan as it contains security, governance and transformation material that should not be in the public domain.



The mechanism of this performance commitment is such that single events at our largest treatment works have a materially significant impact on our performance.

Sewer collapses

Number of sewer collapses per 1,000 km of sewer network.
A lower number is better.

Target met Reward: £2.760 million

How we've performed

Our performance was the best in the industry for 2024/25 and, with a similar performance this year, we've continued to outperform our regulatory target.

Our performance reflects the continued delivery of proactive sewer rehabilitation that we introduced in AMP7 and have maintained into AMP8. Investment in proactive rehabilitation has remained at similar levels to the previous year, and delivery of the proactive programme is on track to achieve the planned meterage next year.

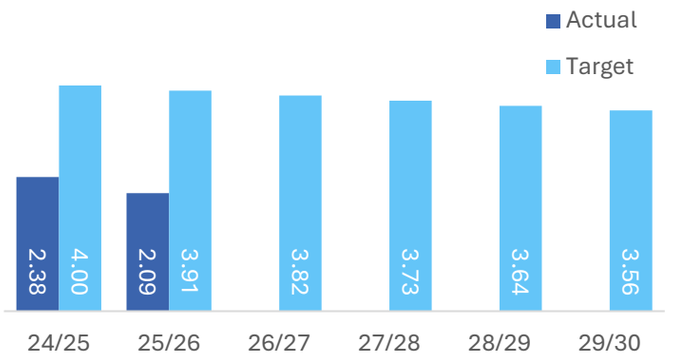
The internal systems, processes and work management arrangements that we use to deliver operational activities related to sewer collapses, including rising main bursts have remained stable over the past three years, and have provided us with valuable operational data.

There were no one-off events that materially affected performance in the current period.

What we're doing to improve our performance

We will continue our proactive sewer rehabilitation programme, alongside process improvements to support more timely intervention (e.g. to reduce the time between CCTV surveys and the subsequent delivery of rehabilitation works).

Our AMP8 internal business plan includes further investment intended to maintain performance and reduce the risk of sewer collapses by targeting network condition and resilience in a structured and proactive way.



This measure captures sewer collapses and rising main bursts and reflects both proactive and reactive network management activities.

Business demand

Percentage reduction of three-year average business demand in Ml/d from the 2019-20 baseline . A higher % is better.

Target met Reward: £0.720 million

How we've performed

Business demand is another of our new performance commitments for AMP8. We've performed better than our target and have earned a small reward.

We've driven improvements through smart business visits, targeted leakage and wastage activity at high impact business sites, and collaboration with retailers on continuous flows.

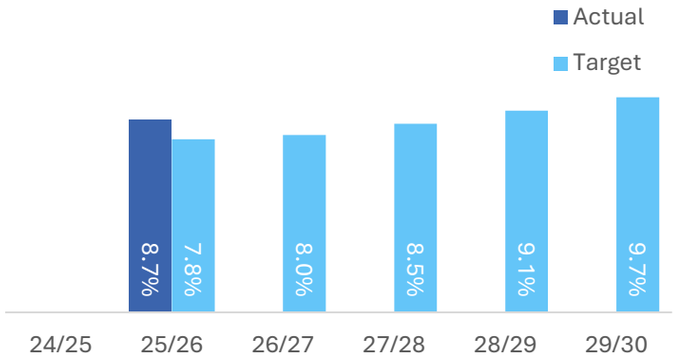
Weather has also played a role, particularly for water intensive sectors such as hospitality, construction and grounds maintenance during warmer periods.

What we're doing to improve our performance

Our immediate actions focus on improving the effectiveness and confidence of business demand delivery rather than materially increasing activity volumes, including tighter prioritisation of smart business visits towards high risk, high consumption and continuous flow sites.

We'll place additional focus on strengthening evidence, attribution and forecasting to support clearer in-year performance visibility and inform management decisions.

Embedded in our longer term demand reduction strategy, we'll drive reductions in business water demand through expanded smart metering coverage, targeted sector based interventions, policy and standards engagement, and improved data sharing with retailers and large users. This will be supported by innovation, trials and partnerships intended to improve both the scale and durability of non-household demand savings over the AMP.



In the year, we issued questionnaires to ask how well we'd collaborated with retailers and third parties.

We received positive responses from 80% (of our Supply Point Identifiers 'SPIDS'), with 20% not replying.

Per capita consumption ('PCC')

Percentage reduction of three-year average water usage of household customers in Ml/d from the 2019-20 baseline. A higher % is better.

Target not met Penalty: £1.429 million

How we've performed

Last year, our performance ranked us at second of all the WaSCs and our performance has remained stable this year.

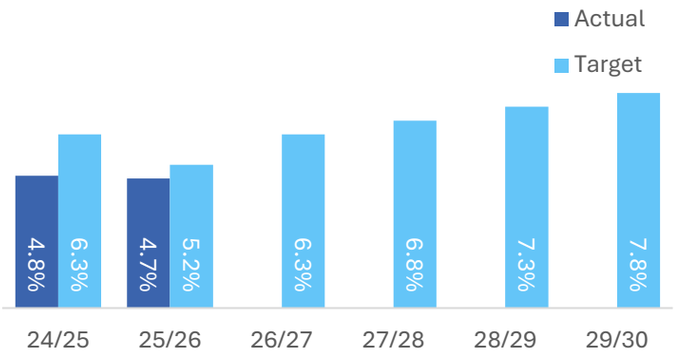
Our performance is supported by the ongoing delivery of smart metering, smart home visits, water efficiency activity and customer side leakage interventions.

The weather has impacted customer behaviours this year, with warmer and drier periods this summer increasing discretionary household water use, partially offsetting efficiency gains. PCC performance is particularly sensitive to such seasonal effects, which can drive short term volatility even when underlying behaviours are improving.

What we're doing to improve our performance

For AMP8 we've launched our most ambitious demand reduction programme to date with our approach combining metering, water efficiency, targeted customer engagement and tariff innovation.

We're accelerating the impact of existing programmes rather than introducing new short term measures. This includes scaling our existing customer consumption engagement capability, sharpening our targeting of high use and continuous flow households using smart meter data, strengthening customer side leakage resolution, and improving in year forecasting. Where our performance has improved, we'll maintain it by improving the integration of PCC, leakage and water efficiency decision making across governance forums.



PCC performance should be considered in terms of long term demand reduction rather than in the short term as performance is driven by weather, population updates and behavioural lag.

Storm overflows

The average number of spills per storm overflow.
A lower number is better.

Target met Reward: £2.157 million

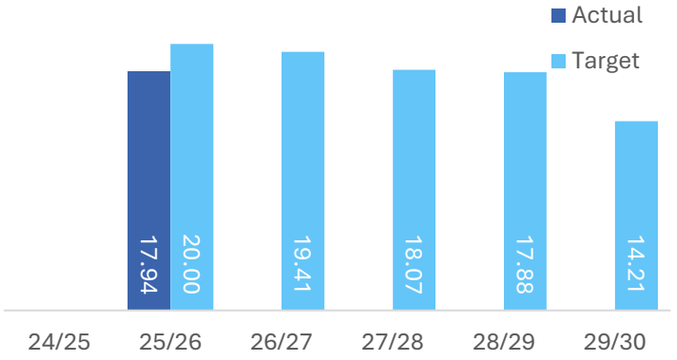
How we've performed

This is a new performance commitment this AMP and we've outperformed against the target we were set. It's a calendar year measure, so this is our performance in 2025.

Our performance this year reflects the introduction of our end-to-end delivery model, and strengthening of our programme management office enabling the alignment of detailed planning to Health and Compliance Plan outcomes.

What we're doing to improve our performance

In the short term, we'll focus on achieving our year two target. Our longer term plans continue into AMP9 and will support sustained improvement of our performance.



Storm overflow performance is assessed against committed delivery outcomes rather than annual numerical targets.

River water quality

Percentage reduction in phosphorus emissions from our wastewater treatment works due to company activities against a 2020 baseline. A higher percentage is better.

Target met Reputation only

How we've performed

This is another new performance commitment and we've performed better than our target.

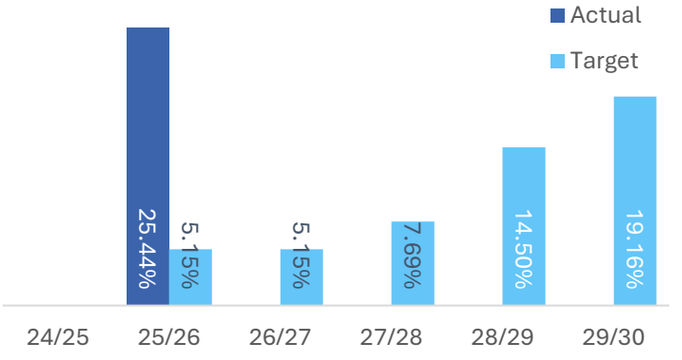
We've based our calculation on the 142 sites which had a phosphorous permit for the whole of 2025.

Where sample data was not available, in accordance with Ofwat's guidance, we've used a permit value of five.

Our corresponding reduction in 2024 was 4.14%.

What we're doing to improve our performance

We'll continue to roll out our WINEP phosphorous reduction programmes. This includes completing the AMP7 carry over projects and AMP8 specific schemes.



This is a reputation only calendar year measure.

The scope includes phosphorus removed through partnerships, including catchment working, but we are not anticipating any work of this type.

Operational greenhouse gas emissions

The percentage reduction in greenhouse gas emissions from a 2024/25 baseline. A higher percentage is better.

Targets not met Penalty (water): £0.510m; Penalty (wastewater): £3.560m

How we've performed

These are new performance commitments this AMP and we've missed the targets of zero that Ofwat set for both measures this year, reporting a slight increase in emissions and incurring a combined penalty of £4.07 million.

The dry spring and wet winter increased electricity usage for pumping and treatment at our sites. At the same time, the growth of our fleet and in-sourcing resulted in increased emissions for both water and wastewater.

Additionally, on the waste side, we saw an increase in our imported electricity as a result of combined heat and power ('CHP') engine availability, while the amount of fossil fuels we used in boilers for pumping and treatment was higher than expected, due to CHP outages.

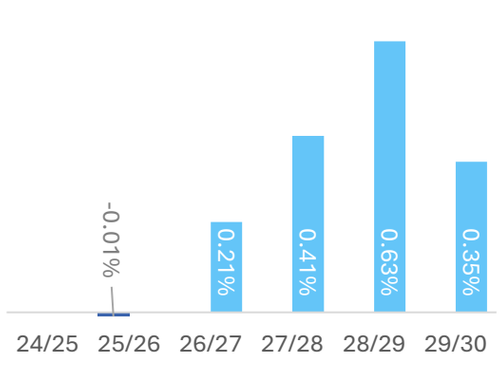
We saw a marginal improvement in our disposal of waste emissions due to us liming out sludge instead of sending raw sludge to landfill.

We retained the green gas credits ('RGGO') associated with biomethane export.

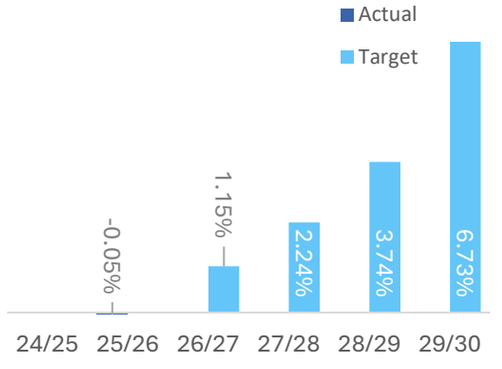
What we're doing to improve our performance

We expect improvements from transitioning our site vehicle usage from diesel to hydro-treated vegetable oil ('HVO'). Further improvements will be dependent on the delivery of our industrial emissions ('IED') programme at our sites. IED progress is reported through PCDWW30 in our Delivery Plan.

Water



Wastewater



Streetworks collaboration (in London)

The cumulative number of collaborative projects delivered by Thames Water over the 2025-2030 period. A higher number is better.

Target met Reward: n/a

How we've performed

This is a new bespoke performance commitment that rewards us for delivering streetworks interventions collaboratively through a 'dig-once' approach to investment in London.

Our performance is measured against the framework the Greater London Authority ('GLA') use for all utilities. We've delivered 14 collaborations this year, against an Ofwat target of zero.

What we're doing to improve our performance

We'll take the lessons that we learnt this year to improve our performance going forward. We plan to improve year on year by displaying the benefits of collaboration to the wider business. Currently we are only generating collaborations through a small number of programmes of work.

Rewards associated with our performance will be calculated at the end of the AMP.

Thames Tideway Tunnel ('TTT')

We've got four bespoke PCs that measure:

- Effective stakeholder engagement;
- Early handback of land bought as part of building the tunnel;
- Maximising land sales; and
- Systems acceptance incentive.

How we've performed

Last AMP, we were measured against six TTT performance commitments.

As the project has been completed, and we're moving toward the commissioning phase, those six have been reduced to three. However, an additional PC has been added to make sure that we meet the agreed commissioning specifications.

This year we've met three of the four PC targets. We've classified the systems acceptance incentive PC as met, even though the commissioning date is outside of this reporting year, and so didn't have a target in 2025/26.

Effective stakeholder management

A higher number is better.

Target not met Reputation only

This is a reputation only PC, meaning that our performance is not subject to ODI rewards/penalties.

Through an annual survey with the question, "Overall as a senior member of your organisation and key stakeholder in the TTT project, how well would you say Thames Water has 'engaged' with your organisation so far?" (with 6 being "extremely well" and 1 being "extremely poorly") we've marginally missed our target for this PC, achieving a score of 4.8 against a target of 5.

This reflects changes to our stakeholders this year and the time it takes to build trust in new relationships. We're confident that our score will improve next year as we consolidate the new partnerships.

Early handback of land bought as part of building the tunnel

A lower number is better.

Target met Reward: £0.390m

This measures how prepared we are to receive land back from Tideway (Bazalgette Tunnel Ltd) who are delivering the project on our behalf.

We're incentivised to receive back the land within three months of it being certified as ready for hand back, and the PC measures how many months we accept handback before the three months.

In the year, we successfully managed the handback of four parcels of land before the three-month deadline.

We're working with the Tideway team to improve forecasting of land hand backs.

Maximising land sales

A higher number is better.

Target met Reputation only

This is a reputation only PC, meaning that our performance is not subject to ODI rewards/penalties.

We're required to maximise the sale of land related to TTT so that customers derive maximum benefit from the disposal of the ten sites listed in the scope of this PC.

We didn't sell any sites during this period, which is in line with Ofwat's target of zero.

We'll continue to engage with purchasers and Tideway with the aim of making sales either to the original owners or via the open market.

Systems acceptance handback

An earlier date is better.

Target met Reward: £0 million

This is a new PC for AMP8 that incentivises us to complete actions and activities so that we can accept operational ownership of the tunnel earlier than the planned systems acceptance date ('PSAD').

This is the date when the operation of the tunnel will transfer to Thames Water with Tideway retaining responsibility for day-to-day maintenance

As the PSAD is 31 August 2027, outside of this reporting period, the PC is classified as met this year.

We're working hard to make sure that we meet the PSAD deadline.

For more details about Tideway, please see the section on Our major project initiatives.

Responding to customer complaints

Headlines

- Our total complaints increased by 77% in 2025/26.
- Complaints related to bills made up 78% of the total, with metering complaints accounting for 8%.
- Complaints related to our water and wastewater services made up 14% of our total.
- We moved up one place in C-MeX scores when compared to the industry.
- While we're pleased to recognise that this represents our best ever C-MeX position, there's still a long way to go and we continue to support every customer who needs help paying their bills.

Revenue (billing) complaints

Billing complaints rose by 101% this year. While we received more calls about billing, we now answer those calls faster, and we resolve those calls at the first point of contact more often, leading to a rise of only 1% in second-stage complaints.

This improvement was reflected in customer sentiment, with Trustpilot scores increasing significantly from 1.3 to 3.9 compared with the prior year, positioning us higher than the industry average.

Water complaints

We saw complaints related to our water services increase by 37%. Performance had been stable for most of the year supported by fewer major incidents, however some large incidents across winter generated complaints. We've set up a new team dedicated to proactively supporting customers during incidents when they do happen.

Performance in Water Networks has improved year on year with reduced volumes of active leakage and reduced time to attend for no water customer events. Overall, the combined speed of response across pollutions and no water incidents have reduced by circa 40% year on year.

Wastewater complaints

In our wastewater business, a 33% reduction in operational complaints reflects improvements across the Company, including the average time customers wait for attendance at pollutions events and significantly reduced backlogs of outstanding work. This has been helped by using virtual technicians to more effectively triage jobs, as well as the success of our proactive interventions, many of which prevent blockages from forming.

Metering complaints

Metering complaints rose by 126%. We installed 245,261 residential smart meters this year (excluding bulk meters) meaning about a third of our residential customers now have a smart meter fitted.

Whilst the compulsory element of this programme has seen questions and concerns raised by some customers, it has also helped us identify leaks on customer pipes, totalling 169 Ml/d in 2025/26.

What we're doing to improve our performance

We introduced a variety of improvements to support customers this year as part of our 'Make it Easy' customer experience framework, including assigning a single point of contact to each customer with a billing-related query. Early results demonstrate improved performance, and these changes will be adopted into business-as-usual delivery.

We continued to scale up our investment in complaints transformation throughout the year, making enhancements to case management capability and developing AI-enabled tools to support our customer agents.

Household complaints by channel

Type	2024/25	2025/26	Increase/ (decrease) %
Revenue	47,920	96,281	101%
Water	8,170	11,206	37%
Wastewater	8,998	6,010	(33%)
Metering	4,121	9,301	126%
Total	69,209	122,798	77%

Ownership, funding, and capital structure

Ownership, funding and capital structures

Ownership structure

Thames Water Utilities Limited is a regulated water and wastewater company. We work within a 5,000 square mile area, from parts of Gloucestershire in the west, to areas of Kent and Essex in the east. We share borders with many other companies that provide water and/or sewerage services.

All entities within the group structure are incorporated in the United Kingdom in accordance with the Companies Act 2006 and are registered for tax purposes with HM Revenue & Customs. The company operates under an instrument of appointment (licence) and its activities are regulated. The licence can be found here.

The broader group structure, including the relationship between the regulated entity and its parent companies, is outlined in the Annual Report and Accounts 2025/26 (see page 52), which provides further detail on ownership and group arrangements. While Kemble Water Holdings Limited was previously identified as the Ultimate Controller Undertaking, Kemble Water Holdings Limited is owned by a consortium of institutional shareholders – mostly pension funds and sovereign wealth funds. The company's governance framework is supported by a clearly defined structure of board and executive responsibilities. An overview of the roles and responsibilities of the Board and the executive management team, including details of membership and committees, is provided in the Annual Report 2025/26 ('AR26').

Funding and capital structure

Thames Water Utilities Limited funds its operations and capital investment through customer bills and debt. Further detail on the Company's key funding sources, financing strategy, and maintaining gearing at target levels is set out in the Chief Financial Officer's statement in the AR26.

This section also includes information on the Company's credit ratings. In the current year, there have been no new equity injections into the regulated entity and no dividends have been paid or utilised in the reporting period.

Our regulators include Ofwat, the Drinking Water Inspectorate and the Environment Agency. Ofwat, as the economic regulator for the water sector in England and Wales, determines the level of efficient expenditure that can be recovered from customers through regulated charges. We have included an illustrative diagram showing how each £1 of funding we receive is spent on key categories of expenditure. Values are calculated from our underlying consolidated statement of cashflows.

A comparison of totex (total expenditure) allowances against actual performance, including the key drivers for variances both in-year and across the AMP period, is provided in the narrative supporting Table 4C.

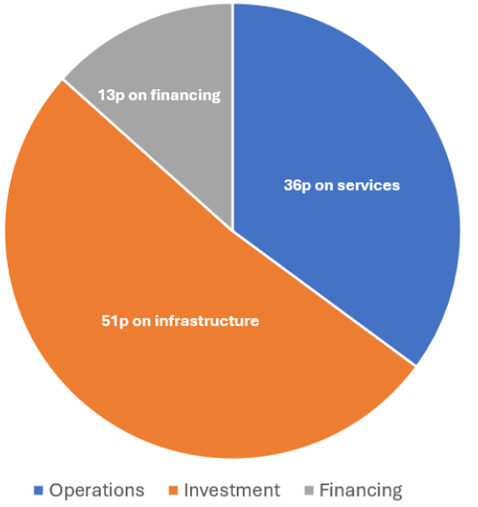
Information on the Company's capital structure is set out across several disclosures. A breakdown of the Company's debt is provided in Table 1E of the Annual Performance Report, while details of debt maturity within the next 12 months are disclosed in Note 19 of the Annual Report and Accounts 2025/26. Movements in equity capital and reserves during the year are disclosed in Note 23.

The Company's long-term viability assessment, including consideration of liquidity and going concern, is set out in the AR26. Further information on the role and protections provided by the regulatory ring-fence framework is also available.

How we spend every £1 we receive in revenue

Operating expenditure is used to operate and maintain our network and improve our customer service.

To keep this cost down, we are increasing the amount of electricity we self-generate and enter forward contracts to buy energy in the future at a predetermined price per unit.



Operations: Our day to day running costs help us to keep your water flowing, such as:

- Energy bills: We pay to keep our sites running - and work hard to keep costs down. Last year, we self-generated over a quarter of our own electricity.
- Government rates: We pay all the business rates and taxes we owe.
- Salaries: We pay our people to deliver your essential service.

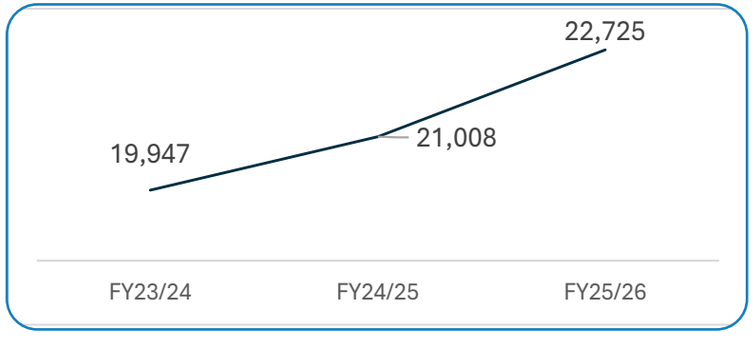
Investment: We invest over half of every £1 to strengthen our water and wastewater services.

Financing: We borrow money to invest in our infrastructure, like our pipes and underground systems and pay interest on the amounts we borrow.

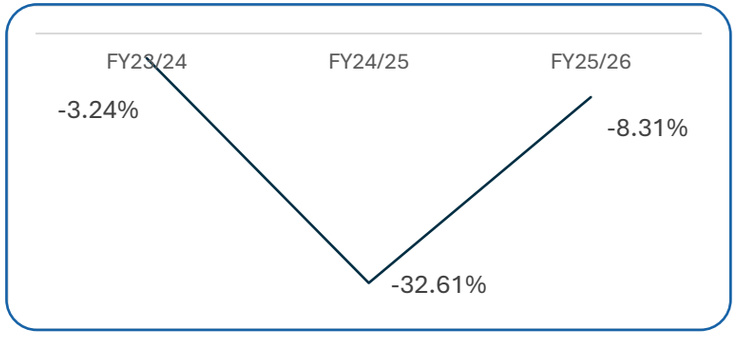
We paid £149 million in business rates in 2025/26. We're not currently paying corporation tax, mainly due to tax deductions for interest payments on our debt and because we're investing heavily in our infrastructure. We receive tax relief under the Government's capital allowances scheme. We pay employment taxes in relation to our people costs.

Ownership, funding and capital structures cont'd

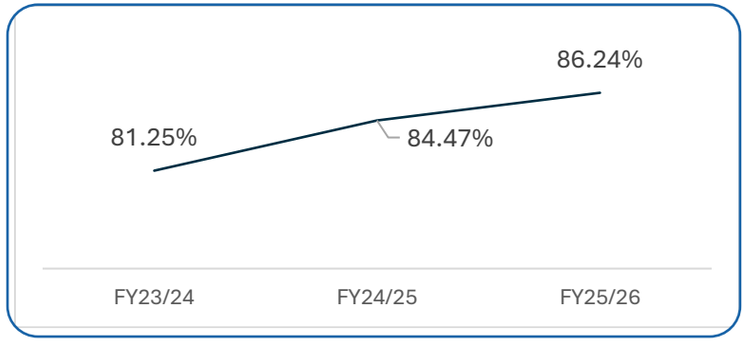
RCV (in £ millions)



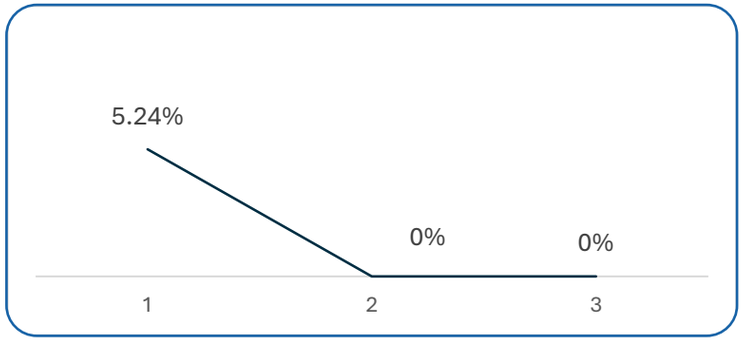
Return on regulated equity



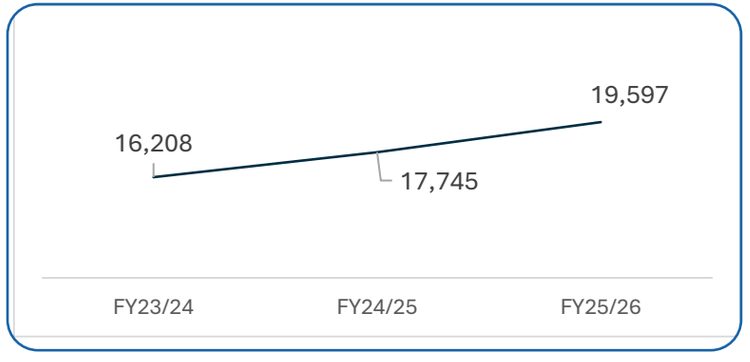
Regulatory gearing



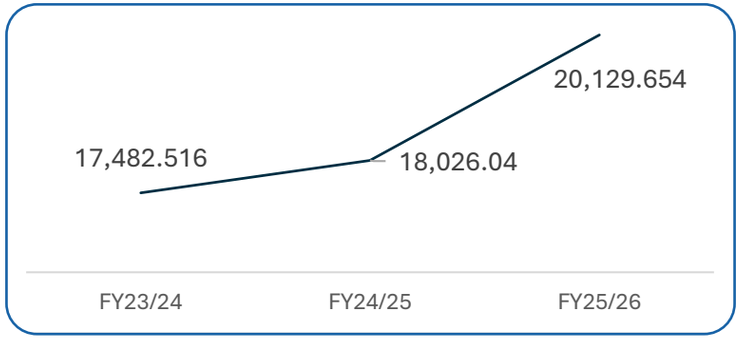
Dividend yield



Net debt (in £ millions)



Total borrowings (in £ millions)



Financial and metric charts for the past three years

Explanation of the movements

In outturn prices, stated RCV has increased from £19,947m to £22,725m between March 2024 and March 2026. This is a result of notional capital expenditure, less regulatory depreciation in the financial years 2023/24 and 2025/26. The movement in RCV also incorporates a £530m midnight adjustment applied on the 31st of March 2025, and a £(141) m Quality and Ambition Assessment (QAA) penalty applied on the 1st of April 2025.

The actual return on actual regulatory equity ('RoRE') has decreased to (8.31)% from (3.24)% reported in 2023/24. Despite an increase in the notional return on equity from 3.9% to 5.3%, and an increase in financial returns from 8.5% to 10.2%, operational returns have decreased from (15.7)% to (23.8)%, driving the decrease in RoRE.

Nil dividends were made in 2025/26 and 2024/25 given that the Company remains in a cash lock-up. This compares against £195.8m (outturn) in dividends that were paid in 2023/24 with a corresponding dividend yield of 5.2% versus 2023/24. It should be noted that the £196m payment was not a distribution earned by external shareholders, but rather payments made to enable the servicing of external debt obligations at the Kemble level, settle amounts owed for group relief, and allow for payments to the Company's defined benefit pension schemes.

No injection of equity was made in the year 2025/26.

Note: Return on regulatory equity in reference to the actual capital structure as per guidance depicted in section 6.6. of Ofwat's RAG 3.16 'Guideline for the format and disclosures for the annual performance report.

Total borrowings increased leading to increase in net debt and increase in regulatory gearing.

Our regulatory tables

About our regulatory tables

Our regulatory tables are part of our Annual Performance Report ('APR'). They're a suite of financial, operational and retail information as specified by Ofwat.

About this report

This report includes our regulatory accounts that we're required to publish under Condition F of the Instrument of Appointment of Thames Water Utilities Limited (referred to in this report as "Thames Water" or the "Company") as a water and sewerage undertaker under the Water Industry Act 1991.

Adherence to Regulatory Accounting Guidelines

We've prepared this report in accordance with the latest Regulatory Accounting Guidelines ('RAG') issued by Ofwat, which are:

- RAG 1.10 – Principles and guidelines for regulatory reporting alongside UK GAAP;
- RAG 2.10 – Guidelines for classification of costs across the price controls;
- RAG 3.16 – Guidelines for the format and disclosures for the annual performance report;
- RAG 4.14 – Guidelines for the table definitions in the annual performance report; and
- RAG 5.07 – Guidelines for transfer pricing in the water and sewerage sectors.

Commentary

Commentary requirements are set by Ofwat in RAG3 and RAG4 and are specific to individual tables.

The requested commentary will often provide additional details which are not suited to being shown in a table.

This information can be found in the Additional information: tables 4A to 11B section of this document.

Data consistency

Some of our metrics can vary across different external publications, this may be due to figures being produced on a different basis or timing of our reporting. Variations in calculations or figures are explained in our supporting commentary.

We consider our APR figures to be our official company performance.

Reconciliation models

We've submitted the following models as part of our APR:

- PR24R12 In-period adjustment model;
- PR24R01 Bioresources reconciliation model;
- PR24OC30 ODI payments calculator model; and
- PR24R08 Delivery mechanism.

These can be found on our website https://www.thameswater.co.uk/about-us/performance/regulatory-library.

A full list of what we're submitted to Ofwat can be found in the Introduction section of this document.

What we report in our regulatory tables

The tables gather related information together to help you navigate to an area of interest:

Table ref	Description
1A-1F	Regulatory financial reporting
2A-2R	Price review and other segmental reporting
3A-3J	Our performance commitments
4A-4AD	Additional regulatory information – our service level
5A	Additional regulatory information – water resources
6A-6F	Additional regulatory information – water network plus
7B-7L	Additional regulatory information – wastewater network plus
8A-8D	Additional regulatory information – bioresources
9A	Additional regulatory information – innovation competition
10	Not used
11A-11B	Additional regulatory information – greenhouse gas emission

We've chosen to publish tables 4A - 11B on our website in their original template and provide links to each table from this Annual Performance Report.

Our data tables are published in full on our website: https://www.thameswater.co.uk/about-us/performance/regulatory-library

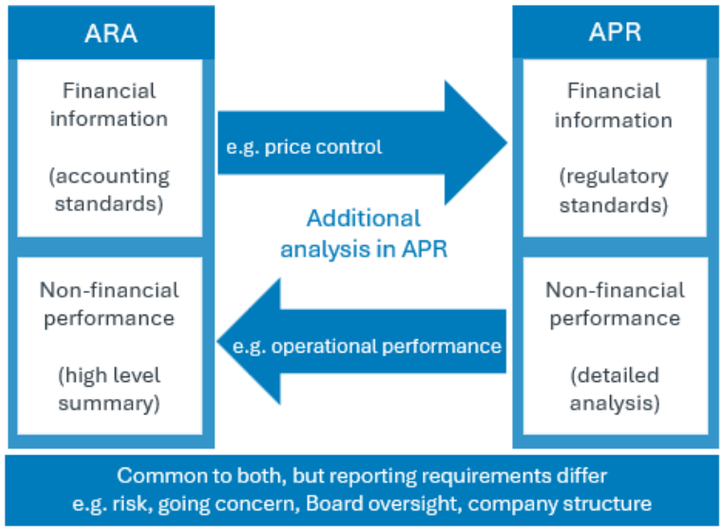
About our regulatory tables cont'd

Differences between statutory and regulatory requirements

Overlap with our Annual Report

We prepare our APR using regulatory accounting guidelines issued by Ofwat, while our Annual Report ('ARA') is produced to comply with statutory requirements set out in Companies Act 2006.

The overlap of information in the two documents can be seen in the diagram below:



Adjustments

Adjustments are made to the consolidated statutory financial statements to maintain compliance with the Ofwat guidance detailed in RAG 3.16 and 4.14.

The most significant adjustments include:

- Reclassification of certain costs and incomes to align with regulatory presentation requirements;
- Reclassification of current year bad debt from revenue to operating costs (£74.3 million); and
- Borrowing costs capitalised within fixed assets in the statutory accounts are recognised as an interest expense for regulatory purposes (£200.8 million). The associated depreciation of borrowing costs is recognised in operating costs (£11.1 million).

Reconciliations

Full reconciliations of the differences between statutory and regulatory figures for revenue, operating profit, other income and profit before tax can be found in the section on Accounting Policies.

Basis of preparation

The Regulatory Accounting Statements for the 12 months ended 31 March 2026, set out on pages 39 to 54, have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value, and the Disclosure and Transparency Rules ('DTR') issued by the Financial Conduct Authority.

Non appointed activities

Non-appointed activities include:

- Revenue of £141.2 million and operating costs of £0.5 million relating to Bazalgette Tunnel Limited ('BTL'). BTL is an independent company unrelated to Thames Water Utilities Limited and was appointed in 2015 to construct the Thames Tideway Tunnel;
- The £0.3 million difference between BTL revenue reported (£141.2 million) and statutory accounting revenue (£140.9 million) is due to a difference in the RAG's compared to IFRS. Regulatory reporting requires classification of in year bad debt as an expense, whereas IFRS classifies this as an offset against revenue.
- An expected credit loss provision recognised on intercompany loans (£30.6 million of expenses recognised and £58.6 million for the total provision movement); and
- Our tankered waste, commercial arrangements with British Gas and property searches businesses.

The arrangement with BTL means that the Company has included construction costs of the Thames Tideway Tunnel within its bills to wastewater customers during the year ended 31 March 2026. As cash is collected, these amounts are subsequently paid to BTL under 'pay when paid' principle.

Accounting standards require the Company to present the amounts billed as revenue in our financial statements, and with an associated cost representing bad debt on amounts billed. This also gives rise to reporting profit which is taxable.

Tables 1A-1F Regulatory financial reporting

Table 1A: Income statement for the 12 months ended 31 March 2026

This table takes the information from the statutory income statement and shows the adjustments made in order to arrive at the regulatory income statement for the appointed business. The adjustments include both differences between the UK adopted International Financial Reporting Standards ('IFRS') and the RAGs, and removal of non-appointed income and costs.

Line description Units: £millions	Statutory	Adjustments			Total appointed activities	RAG4 Ref
		Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Revenue	3,756.518	67.539	168.037	-100.498	3,656.020	1A.1
Operating costs	-2,522.400	-26.371	-44.061	17.690	-2,504.710	1A.2
Other operating income	96.300	-96.954	-0.003	-96.951	-0.651	1A.3
Operating profit	1,330.418	-55.786	123.973	-179.759	1,150.659	1A.4
Other income	0.000	84.400	0.304	84.096	84.096	1A.5
Interest income	146.810	0.000	0.000	0.000	146.810	1A.6
Interest expense	-831.843	-199.664	-0.038	-199.626	-1,031.469	1A.7
Other interest expense	-138.205	-1.173	0.000	-1.173	-139.378	1A.8
Profit before tax and fair value movements	507.180	-172.223	124.239	-296.462	210.718	1A.9
Fair value gains/(losses) on financial instruments	-280.800	0.000	0.000	0.000	-280.800	1A.10
Profit before tax	226.380	-172.223	124.239	-296.462	-70.082	1A.11
UK Corporation tax	0.000	0.000	0.000	0.000	0.000	1A.12
Deferred tax	-113.477	0.000	-0.056	0.056	-113.421	1A.13
Profit for the year	112.903	-172.223	124.183	-296.406	-183.503	1A.14
Dividends	0.000	0.000	0.000	0.000	0.000	1A.15
Tax analysis						
Current year	0.000	0.000	0.000	0.000	0.000	1A.16
Adjustment in respect of prior years	0.000	0.000	0.000	0.000	0.000	1A.17
UK corporation tax	0.000	0.000	0.000	0.000	0.000	1A.18
Analysis of non-appointed revenue						
Imported sludge			0.000			1A.19
Tankered waste			8.832			1A.20
Other non-appointed revenue			159.205			1A.21
Revenue			168.037			1A.22

Table 1A: Income statement for the 12 months ended 31 March 2026 cont'd

Additional narrative for table 1A

Line 6: Interest income

Line description	£ million
Interest rate Swaps	89.073
Interest on Bank Deposit	26.794
TWUHL IC Loan Interest income	30.562
Trading Interest Income	0.381
Per 1A.6	146.810

Line 7: Interest expense

Line description	£ million
Interest on external debt	-803.419
RPI accretion on debt	-163.404
Amortisation of debt issuance costs, premium and discounts	-37.071
Interest in relation to leases	-25.727
Other financing costs	-1.810
Non appointed interest expense	-0.038
Per 1A.7	-1,031.469

In some instances, the totals shown in our tables and reconciliations within our Regulatory Accounting Statements may differ due to roundings and the formulae included in Ofwat's template.

Line 8 : Other interest expense

Line description	£ million
Net interest expense on defined benefit obligation	-0.900
Exceptional debt restructuring costs	-138.205
Trading interest expense	-0.273
Per 1A.8	-139.378

Line 9: Profit before tax and fair value movements

Within our Annual Report and Accounts consolidated income statement, we recognised a £30.6 million expected credit loss provision of the expense recognised (the full balance of which is now deemed not recoverable. Further details on this can be found within our statutory accounts disclosures). This is classified on its own line below operating profit. Within this APR, within operating costs (Line 2), we've included this and treated the full value as non-appointed. This classification difference is also reflected in the operating profit (Line 4). There's no difference in total profit for the year.

The rationale for the treatment of the expected credit loss provision on intercompany loan as non-appointed is:

- These costs are deemed exceptional in our statutory accounts and outside of what would be expected to be incurred and shared with customers by an appointed business in the UK water industry;
- Separating this out of appointed activities enables users of the accounts to challenge and review our performance on a comparable basis with others in the industry, as well as against our FD and prior periods;
- The expected credit loss provision is a highly judgemental non-cash accounting entry that is subject to change with further variation of the facts as they arise; and
- Results in no amounts being paid for by customers through totex sharing.

Exceptional costs relating to restructuring (£60.6 million) are stripped out within our disallowable costs as reported in table 4C, therefore are not funded by customers.

Line10: Fair value gains/(losses) on financial instruments

Fair value gains/(losses) on financial instruments includes the fair value of £206.8 million accreted on index linked swaps during the year.

Line 21: Other non-appointed revenue

The line shows other material non-appointed revenue not included in 1A.19 or 1A.20.

Line description	£ million
British gas income	3.285
Property searches	9.928
BTL	141.233
Others	4.759
Per 1A.21	159.205

Table 1A: Income statement for the 12 months ended 31 March 2026 cont'd

Current tax reconciliation 2025/26

Line description Units: £m	Total	Non-appointed	Appointed
Profit / (loss) before tax and fair value movements	507.180	124.239	382.941
Differences between statutory and regulatory definitions - mainly interest not shown as capitalised	-172.223	-	-172.223
Profit/(loss) on ordinary activities before taxation as shown for regulatory purposes	334.957	124.239	210.718
Tax at 25%	83.740	31.060	52.680
Charge / (Credit) effects of:			
Depreciation on assets that do not qualify for relief	4.097	-	4.097
Disallowable expenditure (1)	74.851	-	74.851
Non-taxable income (2)	-6.178	-	-6.178
Property disposals	-0.025	0.027	-0.052
Capital allowances for year lower than depreciation (3)	-20.208	-0.056	-20.152
Capitalised borrowing costs allowable for tax (4)	-50.209	-	-50.209
Losses / (profits) on financial derivatives (5)	14.485	-	14.485
Pension cost charge (lower than)/ in excess of pension contributions	-40.600	-	-40.600
Other short term timing differences	23.813	-	23.813
Impact of tax losses not paid at standard rate (6)	-68.076	-	-68.076
Impairment losses	7.567	7.650	-0.083
Tax losses carried forward	3.888		3.888
Diff's between statutory and regulatory definitions - mainly capitalised interest	43.055	-	43.055
Diff's between statutory and regulatory definitions - Fair value gains/(losses) on financial instruments (7)	-70.200	-	-70.200
Subtotal	-	38.681	-38.681

Current tax reconciliation 2025/26 cont'd

Line description Units: £m	Total	Non-appointed	Appointed
Offsetting of taxable profits and losses within the legal entity (8)	-	-38.681	38.681
Charge/(credit) in respect of group relief for the year	-	-	-
Adjustments in respect of prior periods – current tax (9)	-	-	-
Current tax charge/(credit) for the current year	-	-	-
Current tax for current year	-	-	-
Current tax for prior year	-	-	-
Total current tax	-	-	-

Footnotes can be found on the next page.

Tax charge in the income statement

Line description Units: £m	Total	Non-appointed	Appointed
UK Corporation tax charge/(credit)	-	-	-
Deferred tax charge/(credit) including impact of tax rate change	113.477	-0.056	113.421
Tax charge/(credit) on profit on ordinary activities	113.477	-0.056	113.421

Table 1A: Income statement for the 12 months ended 31 March 2026 cont'd

Footnotes: Tax reconciliation (see reconciliation on previous page)

1. Disallowable expenditure primarily relates to pollution provisions included in operating expenses.
2. Non-taxable income relates primarily to income received towards fixed assets such as new service connections. This income is reflected in the accounts as non-taxable income under IFRS principles, while the cost of the new fixed assets is not eligible for capital allowances.
3. Capital allowances claimed were higher than depreciation but were restricted in order to avoid tax losses arising in the current year. Additional capital allowances were claimed in the prior year which generated tax losses carried forward.
4. Capitalised borrowing costs are eligible for a full tax deduction in the year.
5. Accounting fair value profits and losses arising on our derivatives are predominantly non-taxable and non-deductible respectively, as instead they are usually taxed as the cash flows arise. Deferred tax is provided on all temporary differences.
6. In the current year, all taxable profits of the Group will be covered by group relief bought from a group company for which no payment will be made. Tax losses arising in the underlying business will be used to cover the taxable profits of BTL, for which no payment will be made as all amounts arose within the Company. Tax charges for BTL are calculated based on the profit before tax and any non-taxable/non-allowable transactions related to BTL.
7. Fair value gains on financial instruments of £280.8 million are booked in the statutory accounts but are not included in "Profit/(loss) on ordinary activities before taxation as shown for regulatory purposes" above.
8. The appointed business is sharing tax losses worth £38.681 million with the non-appointed business, for which no payment is made, as both are within the same company.
9. In the current year, the Group resubmitted the TWUL corporation tax returns for the period ending 31 March 2024. TWUL previously claimed group relief from TWUHL for no payment. However, it was agreed that group relief would not be claimed from TWUHL but instead additional capital allowances would be claimed instead. In addition, a deferred tax charge relating to the prior year arose at 25%, reflecting the impact of a higher capital allowances claim and the sale of tax losses to other group companies.

Reconciliation of total current tax charge allowed in price limits

	£ million
Current tax charge allowed in price limits	0.000
Charge / (credit) in respect of group relief for the year	0.000
Credit in respect of group relief for prior years	0.000

Appointed profit before tax reconciliation

Operating profit:	£ million
Statutory operating profit	1,330.418
Reclassification of developer services and diversion income to other income	-79.313
Reclassification of rental income to other income	-4.303
Capitalised borrowings depreciation	11.075
De-recognition of innovation fund provision	17.539
Reclassification of capital income to other income	-0.784
Non appointed	-123.973
Appointed operating profit	1,150.659
Other income:	
Statutory other income	0.000
Reclassification of developer services and diversion income to other income	79.313
Reclassification of rental income to other income	4.303
Reclassification of capital income to other income	0.784
Non appointed	-0.304
Appointed other income	84.096
Profit before tax:	
Statutory profit before tax	226.380
Capitalised borrowings	-189.762
Derecognition of innovation fund provision	17.539
Non appointed	-124.239
Regulatory profit before tax	-70.082

Table 1B: Statement of comprehensive income for the 12 months ended 31 March 2026

This table shows all of the changes to our statement of comprehensive income, adjusting for the differences between IFRS and the RAGs, as well as excluding the results of the non-appointed business

Additional narrative for table 1B

There's no additional narrative for this table.

Line description Units: £m	Statutory	Adjustments			Total appointed activities	RAG4 Ref
		Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Profit for the year	112.903	-172.223	124.183	-296.406	-183.503	1B.1
Actuarial gains/(losses) on post-employment plans	-72.700	0.000	0.000	0.000	-72.700	1B.2
Other comprehensive income	18.200	0.000	0.000	0.000	18.200	1B.3
Total Comprehensive income for the year	58.403	-172.223	124.183	-296.406	-238.003	1B.4

Table 1C: Statement of financial position for the 12 months ended 31 March 2026

This table contains the key metrics for assessing our financial position.

Additional narrative for table 1C

Adjustments are made to the statutory numbers to maintain compliance with the Ofwat guidance detailed in RAG 3.16 and 4.14. The most significant include:

- Capitalised interest of £1,502.9 million for borrowing costs is removed from fixed assets, offset by a £59.6 million adjustment to write back depreciation on capitalised borrowing costs;
- In AMP7 SRO income of £26.5 million was netted off against the incurred PP&E cost in the statement of financial position - this was a difference between statutory and RAG definitions. In AMP8 the statutory and regulatory treatment are now aligned.
- Capital creditors of £305.3 million are disclosed separately;
- A reclassification is made from current borrowings of £635.3 million to trade and other payables in respect of accrued interest, offset by a reclassification from Financial Instruments to Current Borrowings due to Derivative Financial Liabilities (see below reconciliation);
- A reclassification is made from financial instruments to non-current borrowings due to derivative financial liabilities (see below reconciliation);
- The non-appointed business shows retained earnings £782.8 million relating to Bazalgette Tunnel Limited ('BTL'); and
- Provision for £1,448.1 million on investments – loans to group companies has been made in line with the statutory accounting treatment (full balance is now deemed not recoverable further details on this can be found within our statutory accounts disclosures).

Line description Units: £m	Statutory	Adjustments			Total appointed activities	RAG 4 Ref
		Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Non-current assets						
Fixed assets	22,773.800	-1,469.896	5.417	-1,475.313	21,298.487	1C.1
Intangible assets	200.100	-3.085	4.006	-7.091	193.009	1C.2
Investments - loans to group companies	0.000	0.000	0.000	0.000	0.000	1C.3
Investments - other	89.400	0.000	0.000	0.000	89.400	1C.4
Financial instruments	259.200	-23.452	0.000	-23.452	235.748	1C.5
Retirement benefit assets	30.500	0.000	0.000	0.000	30.500	1C.6
Total non-current assets	23,353.000	-1,496.433	9.423	-1,505.856	21,847.144	1C.7
Current assets						
Inventories	19.400	0.000	0.000	0.000	19.400	1C.8
Trade & other receivables	1,796.700	0.000	791.800	-791.800	1,004.900	1C.9
Financial instruments	28.700	-28.269	0.000	-28.269	0.431	1C.10
Cash & cash equivalents	557.100	0.000	24.900	-24.900	532.200	1C.11
Total current assets	2,401.900	-28.269	816.700	-844.969	1,556.931	1C.12
Current liabilities						
Trade & other payables	-1,316.400	172.197	-33.900	206.097	-1,110.303	1C.13
Capex creditor	0.000	-305.305	0.000	-305.305	-305.305	1C.14
Borrowings	-640.979	331.770	0.000	331.770	-309.209	1C.15
Financial instruments	-1.300	1.271	0.000	1.271	-0.029	1C.16
Current tax liabilities	0.000	0.000	0.000	0.000	0.000	1C.17
Provisions	-289.200	-171.664	0.000	-171.664	-460.864	1C.18
Total current liabilities	-2,247.879	28.269	-33.900	62.169	-2,185.710	1C.19

Table 1C: Statement of financial position for the 12 months ended 31 March 2026 cont'd

Line description Units: £m	Statutory	Adjustments			Total appointed activities	RAG 4 Ref
		Diff between statutory and RAG definitions	Non-appointed	Total adjustments		
Net Current assets/(liabilities)	154.021	0.000	782.800	-782.800	-628.779	1C.20
Non-current liabilities						
Trade & other payables	-1,353.400	1,385.967	0.000	1,385.967	32.567	1C.21
Borrowings	-18,428.120	-1,260.514	0.000	-1,260.514	-19,688.634	1C.22
Financial instruments	-1,785.100	1,251.391	0.000	1,251.391	-533.709	1C.23
Retirement benefit obligations	-27.000	0.000	0.000	0.000	-27.000	1C.24
Provisions	-266.000	-22.100	0.000	-22.100	-288.100	1C.25
Deferred income	0.000	-623.263	0.000	-623.263	-623.263	1C.26
Deferred income - adopted assets	0.000	-730.129	0.000	-730.129	-730.129	1C.27
Preference share capital	0.000	0.000	0.000	0.000	0.000	1C.28
Deferred tax	-1,305.680	0.000	0.005	-0.005	-1,305.685	1C.29
Total non-current liabilities	-23,165.300	1.352	0.005	1.347	-23,163.953	1C.30
Net assets	341.721	-1,495.081	792.228	-2,287.309	-1,945.588	1C.31
Equity						
Called up share capital	76.500	0.000	0.000	0.000	76.500	1C.32
Retained earnings & other reserves	265.221	-1,495.081	792.228	-2,287.309	-2,022.088	1C.33
Total Equity	341.721	-1,495.081	792.228	-2,287.309	-1,945.588	1C.34

Line 27:

This line includes £722.9 million of deferred income relating to adopted assets and £7.3 million of other deferred income.

Table 1C: Statement of financial position for the 12 months ended 31 March 2026 cont'd

Borrowings reconciliation

Appointed activities	£ million
Current liabilities	
Current borrowings included in statutory accounts	635.311
Lease Liability	5.668
Statutory current borrowings	640.979
Difference between statutory and regulatory definitions:	
Accrued interest taken to trade and other payables	-305.072
FX loss moved to borrowings from financial instruments	-26.698
	-331.770
Current borrowings included in regulatory accounts (per Table 1C)	309.209
Non-current liabilities	
Non-current borrowings included in statutory accounts	18,346.725
Lease Liability	81.395
Statutory non-current borrowings	18,428.120
Difference between statutory and regulatory definitions:	
Accretion moved to borrowings from financial instruments	1,234.013
FX loss moved to borrowings from financial instruments	26.501
	1,260.514
Non-current borrowings included in regulatory accounts (per Table 1C)	19,688.634
Total borrowings included in statutory accounts	18,982.036
Total borrowings included in regulatory accounts (per Table 1C)	19,997.843
Bank overdraft from trade and other payables	3.472
Unamortised debt issuance costs, discount and IFRS 9 transition adjustment	128.339
Total borrowings included in regulatory accounts (Table 1E)	20,129.654

Table 1D: Statement of cashflow for the 12 months ended 31 March 2026

This table details differences between our statutory and regulatory cashflows.

Additional narrative for table 1D

Statutory operating profit (line 1) ties to our Annual Report 2025/26. RAG4 states that this value should tie to line 4 of Table 1A. Line 4 of Table 1A includes a non-cash £30.6 million expected credit loss provision on an inter-company loan on the expense side which does not appear in our Annual Report and Accounts 2025/26 operating profit (see Table 1A commentary for further details). In order for the APR statutory reduction in cash to align with our Annual Report and Accounts, this is excluded within Table 1D.

Explanation of reconciling items

The cashflow has been prepared to align with the regulatory reporting format. As a result, the net cash position by activity (operating, investing & financing) doesn't agree to what's been presented in the statutory statement of cashflows.

The difference is primarily due to the classification of all interest related balances including amounts capitalised in the statutory statement of financial position of the 'net interest paid' category and interest costs.

The majority of movement in non-appointed working capital relates to cash paid over to BTL.

Line description Units: £m	Statutory	Adjustments			Total appointed activities	RAG4 Ref
		Diff between statutory and RAG	Non-appointed	Total adjustments		
Operating activities						
Operating profit	1,361.000	-55.786	154.575	-210.361	1,150.639	1D.1
Other income	0.000	5.086	0.304	4.782	4.782	1D.2
Depreciation	807.300	-11.075	0.000	-11.075	796.225	1D.3
Amortisation – dev'r services and diversions income	0.000	0.000	0.000	0.000	0.000	1D.4
Changes in working capital	-168.300	0.000	-155.805	155.805	-12.495	1D.5
Pension contributions	-163.300	1.124	0.000	1.124	-162.176	1D.6
Movement in provisions	70.800	-17.539	0.000	-17.539	53.261	1D.7
Profit on sale of fixed assets	0.700	0.000	0.000	0.000	0.700	1D.8
Cash generated from operations	1,908.200	-78.190	-0.926	-77.264	1,830.936	1D.9
Net interest paid	-649.400	-201.961	0.000	-201.961	-851.361	1D.10
Tax paid	0.000	0.000	0.000	0.000	0.000	1D.11
Net cash generated from operating activities	1,258.800	-280.151	-0.926	-279.225	979.575	1D.12
Investing activities						
Capital expenditure	-2,504.300	200.837	0.000	200.837	-2,303.463	1D.13
Developer services and diversion income	0.000	79.314	0.000	79.314	79.314	1D.14
Disposal of fixed assets	1.300	0.000	0.000	0.000	1.300	1D.15
Other	-41.000	0.000	0.000	0.000	-41.000	1D.16
Net cash used in investing activities	-2,544.000	280.151	0.000	280.151	-2,263.849	1D.17
Net cash generated before financing activities	-1,285.200	0.000	-0.926	0.926	-1,284.274	1D.18
Cashflows from financing activities						
Equity dividends paid	0.000	0.000	0.000	0.000	0.000	1D.19
Net loans received	1,603.600	0.000	0.000	0.000	1,603.600	1D.20
Cash inflow from equity financing	0.000	0.000	0.000	0.000	0.000	1D.21
Net cash generated from financing activities	1,603.600	0.000	0.000	0.000	1,603.600	1D.22
Increase/ (decrease) in net cash	318.400	0.000	-0.926	0.926	319.326	1D.23

Table 1E: Net debt analysis at 31 March 2026

This table provides an analysis of our net debt.

Additional narrative for table 1E

The weighted average years to maturity is calculated as the multiple of the principal sum and years to maturity for each non-swap instrument (foreign currency debt incorporates the impact of cross currency swaps in line with Table 4B) divided by the principal sum outstanding as at 31 March 2026.

Adjusted gearing is the percentage of the net debt (covenant basis) to the Regulatory Capital Value ('RCV'). It's the measure used when assessing TWUL's gearing against the level stipulated in the whole business securitisation covenants. The bank overdraft of £3.5 million has been included on the fixed rate borrowings. This has arisen due to timing and relates to an accounting overdraft only. No actual interest has been included and therefore a 0.0% interest rate has been used.

Line description Units: £m	Fixed Rate	Floating Rate	Index Linked		Total	RAG4 Ref
			RPI	CPI/ CPIH		
Interest rate risk profile						
Borrowings (excluding preference shares)	8,728.962	2,552.091	8,848.601	0.000	20,129.654	1E.1
Preference share capital	0.000				0.000	1E.2
Total borrowings	8,728.962	2,552.091	8,848.601	0.000	20,129.654	1E.3
Cash					-8.930	1E.4
Short term deposits					-523.255	1E.5
Net Debt					19,597.469	1E.6
Gearing						
Gearing					86.236%	1E.7
Adjusted Gearing					87.000%	1E.8
Interest						
Full year equivalent nominal interest cost	520.143	138.492	537.115	0.000	1,195.750	1E.9
Full year equivalent cash interest payment	520.143	138.492	134.073	0.000	792.708	1E.10
Indicative interest rates						
Indicative weighted average nominal interest rate	5.959%	5.427%	6.070%	0.000%	5.940%	1E.11
Indicative weighted average cash interest rate	5.959%	5.427%	1.515%	0.000%	3.938%	1E.12
Time to maturity						
Weighted average years to maturity	7.167	2.659	24.587	0.000	10.020	1E.13

Table 1F: Financial flows for the 12 months ended 31 March 2026 and for the price review to date

Line description: RE = Regulatory equity	12 months ended 31 March 2026						RAG 4 Ref
	Notional returns and notional RE	Actual returns and notional RE	Actual returns and actual RE	Notional returns and notional RE	Actual returns and notional RE	Actual returns and actual RE	
Regulatory equity (£m)	8,726.985	8,726.985	3,086.813				1F.1
Return on regulatory equity-real (%)	5.29%	1.87%	5.29%	461.658	163.292	163.292	1F.2
Impact of movement from notional gearing (%)		3.42%	4.20%		298.365	129.612	1F.3
Variance in corporation tax (%)		0.00%	0.00%		0.000	0.000	1F.4
Group relief (%)		0.69%	1.95%		60.210	60.210	1F.5
Cost of debt (%)		1.48%	6.41%		129.479	197.946	1F.6
Hedging instruments (%)		-0.54%	-2.35%		-47.363	-72.408	1F.7
Return on regulatory equity including Financing adjustments (%)	5.29%	6.92%	15.51%	461.658	603.984	478.652	1F.8
Totex out / (under) performance (%)		-4.86%	-13.74%		-424.187	-424.187	1F.9
ODI out / (under) performance (%)		-1.04%	-2.95%		-90.953	-90.953	1F.10
C-Mex out / (under) performance		0.00%	0.00%		0.000	0.000	1F.11
D-Mex out / (under) performance		0.00%	0.00%		0.000	0.000	1F.12
BR-Mex out / (under) performance		0.00%	0.00%		0.000	0.000	1F.13
Retail out / (under) performance		-0.49%	-1.38%		-42.711	-42.711	1F.14
PCD - time incentives		0.00%	0.00%		0.000	0.000	1F.15
Return adjustment mechanism		0.00%	0.00%		0.000	0.000	1F.16
Other exceptional items		-2.03%	-5.74%		-177.163	-177.163	1F.17
Operational performance total		-8.42%	-23.81%		-735.014	-735.014	1F.18
RoRE (return on regulatory equity) - real	5.29%	-1.50%	-8.31%	461.658	-131.030	-256.362	1F.19
RCV Indexation	3.45%	3.45%	3.45%	301.081	301.081	106.495	1F.20
Voluntary sharing arrangements		0.00%	0.00%		0.000	0.000	1F.21
Total shareholder return	8.74%	1.95%	-4.86%	762.738	170.050	-149.867	1F.22
Gross dividend	4.00%	0.00%	0.00%	349.079	0.000	0.000	1F.23
Interest receivable on intercompany loans		0.31%	0.88%		27.030	27.030	1F.24
Retained values	4.74%	1.64%	-5.73%	413.659	143.020	-176.897	1F.25

Our data tables are published in full on our website: https://www.thameswater.co.uk/about-us/performance/regulatory-library

Table 1F: Financial flows for the 12 months ended 31 March 2026 and the price review to date cont'd

Line description: RE = Regulatory equity	Average 2025-30						RAG 4 Ref
	Notional returns and notional RE	Actual returns and notional RE	Actual returns and actual RE	Notional returns and notional RE	Actual returns and notional RE	Actual returns and actual RE	
Regulatory equity (£m)	8,726.985	8,726.985	3,086.813				1F.1
Return on regulatory equity-real (%)	5.29%	1.87%	5.29%	461.658	163.292	163.292	1F.2
Impact of movement from notional gearing (%)		3.42%	4.20%		298.365	129.612	1F.3
Variance in corporation tax (%)		0.00%	0.00%		0.000	0.000	1F.4
Group relief (%)		0.69%	1.95%		60.210	60.210	1F.5
Cost of debt (%)		1.48%	6.41%		129.479	197.946	1F.6
Hedging instruments (%)		-0.54%	-2.35%		-47.363	-72.408	1F.7
Return on regulatory equity including Financing adjustments (%)	5.29%	6.92%	15.51%	461.658	603.984	478.652	1F.8
Totex out / (under) performance (%)		-4.86%	-13.74%		-424.187	-424.187	1F.9
ODI out / (under) performance (%)		-1.04%	-2.95%		-90.953	-90.953	1F.10
C-Mex out / (under) performance		0.00%	0.00%		0.000	0.000	1F.11
D-Mex out / (under) performance		0.00%	0.00%		0.000	0.000	1F.12
BR-Mex out / (under) performance		0.00%	0.00%		0.000	0.000	1F.13
Retail out / (under) performance		-0.49%	-1.38%		-42.711	-42.711	1F.14
PCD - time incentives		0.00%	0.00%		0.000	0.000	1F.15
Return adjustment mechanism		0.00%	0.00%		0.000	0.000	1F.16
Other exceptional items		-2.03%	-5.74%		-177.163	-177.163	1F.17
Operational performance total		-8.42%	-23.81%		-735.014	-735.014	1F.18
RoRE (return on regulatory equity) - real	5.29%	-1.50%	-8.31%	461.658	-131.030	-256.362	1F.19
RCV Indexation	3.45%	3.45%	3.45%	301.081	301.081	106.495	1F.20
Voluntary sharing arrangements		0.00%	0.00%		0.000	0.000	1F.21
Total shareholder return	8.74%	1.95%	-4.86%	762.738	170.050	-149.867	1F.22
Gross dividend	4.00%	0.00%	0.00%	349.079	0.000	0.000	1F.23
Interest receivable on intercompany loans		0.31%	0.88%		27.030	27.030	1F.24
Retained values	4.74%	1.64%	-5.73%	413.659	143.020	-176.897	1F.25

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Table 1F: Financial flows for the 12 months ended 31 March 2026 and the price review to date cont'd

The table shows the various components of actual returns achieved for the current financial year and the average for AMP8. The actual return has been benchmarked against the allowed return permitted under the regulatory regime.

- All figures quoted are in 2022/23 real CPIH terms unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided.
- Notional return on regulatory equity ('RoRE') is based on the notional capital structure.
- Actual RoRE is based on actual capital structure.

Our revenues are set according to a detailed regulatory process which allows for the recovery of efficient costs plus a return for investors in the business. The purpose of financial flows is to provide greater transparency about the financial returns to our shareholders. The financial flows information allows for a comparison between the returns under our actual capital structure and the returns set by the regulator under a notional capital structure, which is 55% geared.

The total actual return to external shareholders is generally comprised of the base return set in the Final Determination, financial, and operational performance compared to our allowances and targets, growth in the RCV arising from inflation, and any voluntary sharing arrangements.

Overall total shareholder returns amount to (4.9)% for 2025/26. Negative (5.7)% was retained in the business given that no dividends were paid by any group companies to our external shareholders. Please see the dividend policy for further detail.

The actual RoRE to shareholders of (8.3)% is based on our actual capital structure and can be calculated by taking the allowed RoRE (based on notional capital structure) of 5.3% and adjusting for financial and operational performance, which amount to 10.2% and (23.8)% respectively.

A breakdown of these components is set out in further detail below.

For 2025/26, the Final Determination has set our base return at 5.3% applicable to Ofwat's notional capital structure with a gearing of 55%.

Our financing activities increased returns by 10.2% and can be attributed to the following elements:

Our average gearing of 84.1% during the financial year is marginally higher than the average gearing of 82.8% for 2024/25. Average gearing for 2025/26 is greater than the 55% assumed by Ofwat for a notional company. The higher gearing amplifies the percentage return to external shareholders, because debt has a lower required return than equity on a notional basis. Another impact of higher gearing levels is that it increases the volatility of external shareholder returns, which become proportionately more sensitive to levels of out- or under-performance. We are responsible for financing our business as efficiently as possible. Our financing structure, the Whole of Business Securitisation, offers additional protections to debt investors enabling us to have higher levels of debt than would otherwise be the case, without reducing our creditworthiness. These investor protections place clear limits on permitted operational and financing activities undertaken by the Company and also protect customers' interests.

There is a positive variance of £60.2 million (2022/23 prices) attributable to group relief given that TWUL has received tax losses from other group companies that offset its taxable profits.

There is no variance in corporation tax performance as there is no notional allowance for corporation tax and no corporation tax payable given that the Company has claimed capital allowances up to the point such that the remaining taxable profit can be offset against group relief from other group companies. The group relief is received for nil payment and therefore there is nil profit or loss for the purposes of tax.

Table 1F: Financial flows for the 12 months ended 31 March 2026 and the price review to date cont'd

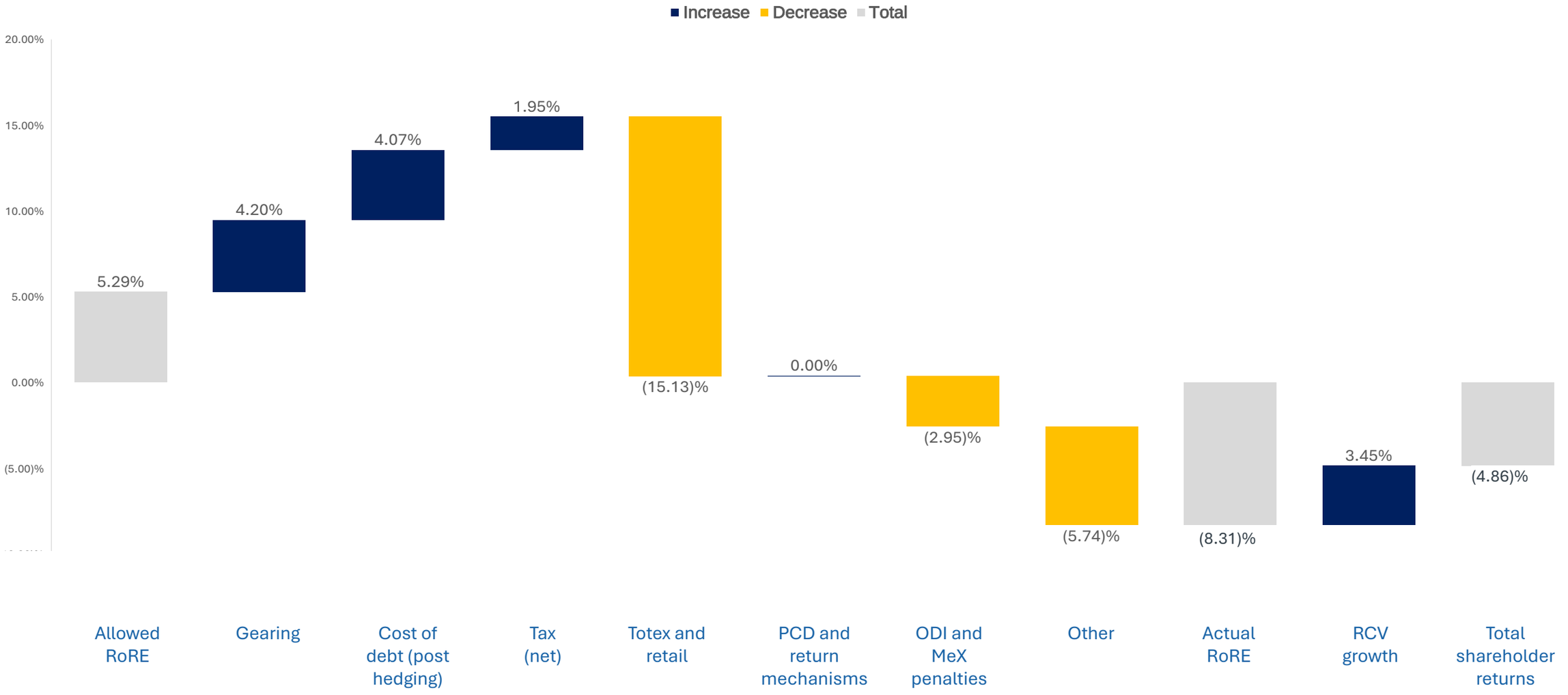


Table 1F: Financial flows for the 12 months ended 31 March 2026 and the price review to date cont'd

In real terms, our cost of debt (excluding hedging instruments) is lower than the allowance set by the Final Determination. As shown in line 6, the benefit on actual regulatory equity is £197.9 million (2022/23 prices).

The overperformance observed in line 6 is offset somewhat when adjusting for hedging instruments, as shown in line 7. The cost of hedging instruments on actual regulatory equity is £(72.4) million (2022/23 prices), driven by the swap accretion incurred during the year, offset marginally by swap income.

Our operational performance decreased returns for the financial year by (23.8)% which is due to various factors:

- We under-performed our wholesale totex largely due to expenditure in the Water Networks and Wastewater Networks price controls that exceeded the PR24 allowance. After accounting for overspend that is not to be shared with customers, total wholesale totex performance reduced returns by (13.7)%. Please refer to Table 4C for further information.
- Retail expenditure also exceeded the PR24 allowance. As none of this additional spend is shared with customers, the entirety of this overspend affects Company performance. This reduced returns by (1.4)%. On a net basis after customer sharing, the combined impact of wholesale totex and retail spend reduced returns by (15.1)%.
- The business has incurred material ODI penalties of £(91.0) million (22/23 prices) as we under-performed against the challenging targets set by Ofwat's PR24 final determination. ODI underperformance was (3.0)% driven predominantly by leakage and pollution metrics.

MeXes

As per Ofwat guidance, no performance has been accounted for in relation to MeX penalties in lines 11 to 13.

Delivery Plan

No performance has been accounted for in relation to time-incentive price control deliverables ('PCDs') in line 15. This is driven by the fact that the deadline for the Company delivery plan, which underpins the PCD calculation, has been moved to mid-August. Consequently, there is no calculable PCD time incentive adjustment available for the AR26 reporting date.

Adjustment mechanisms

As per Ofwat guidance , no performance has been accounted for in relation to return adjustment mechanisms in line 16. The Aggregate Sharing Mechanism ('ASM') can only be triggered in the final year of AMP8 (AR30) and therefore does not result in an adjustment applicable to AR26. The impact from the Outturn Adjustment Mechanism ('OAM') is based on performance reported in the in-period determination for the prior period. Given the OAM was not included in AMP7, there was no associated in-period determination and consequently nil value for AR26.

Operational restructuring costs

Operational restructuring costs have already been accounted for in totex reported in table 4C.

Exceptional items

Exceptional items reduced returns by (5.7)% for 2025/26. This includes the impact of financial restructuring costs of £(114.6) million, MeX penalties for 2024/25 of £(23.7) million, £(7.6) million in expected losses on intercompany receivables, a £(27.0) million impairment, and £(4.2) million in net losses on financial instruments.

No land sales were recognised in the year. All figures are quoted in 22/23 prices.

In line with Ofwat guidance, operational restructuring costs of £(53.6) million (22/23 prices) have already been accounted for in disallowable totex reported in table 4C line 69.

Inflation

Indexation on RCV increased RCV growth by 3.45%.

Voluntary sharing arrangements

We do not have any voluntary sharing arrangements for the year 2025/26.

The average return for AMP8 to date (2025/26)

Given we are one year into AMP8, our average RoRE for AMP8 to date is identical to AR26 at (8.3)%. This compares to a notional RoRE of 5.3%.

Accounting policies

Accounting policies

Basis of preparation

The Regulatory Accounting Statements for the 12 months ended 31 March 2026, set out on pages 39 to 54, have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value, and the Disclosure and Transparency Rules ('DTR') issued by the Financial Conduct Authority.

When considering whether the Group and Company are each a going concern, the Directors have had regard to IAS 1 para 25 which states that an entity shall prepare Regulatory Accounting Statements on a going concern basis unless the Directors either intend to liquidate the entity or to cease trading or have no realistic alternative but to do so.

Context

The Directors believe that it is reasonable to assume that actions can be taken such that the Group and Company have adequate resources, for a period of 12 months from the date of approval of the Regulatory Accounting Statements (the "Assessment Period"), to continue operations and discharge its obligations as they fall due. However, there exists a material uncertainty, which could crystallise in the very near term, which may cast significant doubt on the Group and Company's ability to continue as a going concern in relation to the preparation of the Regulatory Accounting Statements given the Group and Company requires a recapitalisation transaction (including the provision of additional equity funding and a restructuring of the Company's existing balance sheet) to be implemented, the outcome and timing of which is not within their control.

The Directors' base case is that the recapitalisation transaction will be agreed and implemented within the Assessment Period.

The Directors expect that for the recapitalisation transaction to be agreed the Company will require the support of its stakeholders (including its creditors) and for Ofwat to have taken a final decision in respect of regulatory measures following a public consultation. The recapitalisation will also require court sanction through a restructuring plan under Part 26A of the Companies Act 2006 ("RP2") (noting that such decision to sanction RP2 may be subject to an appeal).

Discussions in relation to the recapitalisation have been taking place and continue with the Company's stakeholders and, whilst progress has been made, Ofwat has not as yet launched the public consultation, and the Company is not currently in a position to launch the recapitalisation. As a result, there exists a material uncertainty as to whether, and when, the Company would be able to do so and therefore whether this will be implemented within the Assessment Period.

Notwithstanding this uncertainty, the Company has engaged with its stakeholders ahead of preparing these consolidated Regulatory Accounting Statements and the Directors believe that the Company's key stakeholders remain committed to pursuing a successful recapitalisation transaction. The Directors therefore expect that discussions in respect of launching the public consultation and the recapitalisation will continue and that in order for the recapitalisation to be agreed and implemented the Company will need to have sufficient funding for the Assessment Period, which it does not currently have.

The Company drew the final tranche of £213 million of its available committed super senior funding from its subsidiary TWSSI on 14 July 2026. The Company has the ability to access £750 million of further external funding via TWSSI comprising £677 million which is uncommitted and £73 million which has been committed but which is deferred.

However, the conditions to access the funding have not been satisfied and the satisfaction or waiver of these conditions is outside the direct control of the Company.

The Directors expect to require access to the £750 million external funding during August 2026, with the process to obtain such funding expected to commence on or around 16 July 2026.

The Directors further expect that additional liquidity will be required from early December 2026 and that the Company will need to extend its debt maturities which fall due during the Assessment Period (the earliest falling in March 2027), and extend the waivers which it has obtained under its finance documents which are scheduled to end on the same date as its earliest debt maturity (currently March 2027). The provision of such further funding is outside the direct control of the Company, requiring both consents from the Company's creditors and commitments from lenders who are willing to provide such funding. The extension of maturities and waivers is also outside the direct control of the Company, requiring consents from the Company's creditors.

The Company has engaged with its senior creditors and has received a letter of support from creditors representing in aggregate over £13 billion (82%) of the Company's Class A Debt and over £1.6 billion (73%) of the Company's Super Senior Debt, indicating that they intend to provide consents to allow the super senior facilities to continue to be drawn, the relevant maturities to be extended and the Stable Platform Period (which commenced on 25 February 2025 under RP1 and continues until March 2027, under which a Trigger Event is ongoing and testing of financial covenants is suspended) to be extended. The letter of support does not create legally enforceable rights but states the relevant creditors' present intentions.

Accounting policies cont'd

If the Company fails to obtain the consents and commitments necessary to have sufficient funding for the Assessment Period, the Company will need to consider all options available to it at the time, but a severe but plausible consequence would be a special administration of the Company under the Water Industry Act 1991.

Given the multiple interdependencies on which the ability to deliver the recapitalisation transaction is based, uncertainties in relation to each interdependency could crystallise in the very near term.

The Directors believe there are two elements that will be key to the success of a recapitalisation process pursuant to RP2 and each of these is itself subject to uncertainty:

1. Liquidity

Ensuring the Company has a sufficient liquidity runway is an important step in the Company's process to increase its long-term financial resilience, to attract new equity into the business, restore its investment grade credit rating and address the Section 19 undertakings relating to restoration of investment grade credit ratings agreed with Ofwat in 2024 (as explained further in the 'Other considerations' section below).

Following a judgment of the High Court of Justice of England and Wales handed down on 18 February 2025, the restructuring plan under Part 26A of the Companies Act 2006 proposed by Thames Water Utilities Holdings Limited ("TWUHL", the Company's immediate parent) was sanctioned pursuant to an order of the High Court dated 21 February 2025 ("RP1"). On 17 March 2025, the sanction order was upheld by the Court of Appeal subject to a limited modification. On 30 July 2025, the Supreme Court refused Charlie Maynard MP permission to appeal the Court of Appeal decision (such request for permission having first been refused by the Court of Appeal, thereby concluding any further possible appeal in respect of RP1).

RP1 was designed to provide a sufficient liquidity runway to enable the Company and its Group to achieve a recapitalisation transaction, by extending the Company's liquidity runway. RP1 has enabled, and continues to enable, the Company to seek a sustainable recapitalisation transaction. RP1 had three principal elements:

- it extended the maturities of all Class A Debt and Class B Debt (including amortisation payments, but in each case excluding hedging arrangements under the WBS structure) by two years, such that the earliest extended maturity of Class A Debt or Class B Debt falls in March 2027;
- it permitted a new Super Senior credit facility with an initial committed tranche of £1.5 billion, subject to conditions, and the ability to increase this by a further £1.5 billion uncommitted accordion facility, which may be accessible following the satisfaction or waiver of certain conditions precedent (some of which are not yet satisfied and remain out of the Group and Company's control); and
- it temporarily suspended a number of the financial and other covenants in the Company's financing arrangements until the date of its earliest debt maturity (currently March 2027).

The Company commenced the drawdown process on its £1.5 billion intercompany facility from TWSSI in April 2025, and further tranches of funding were drawn from TWSSI in May 2025, July 2025, August 2025, November 2025 and January 2026. In February 2026 TWSSI commenced the allocation process for the first £823m of the accordion facility, with tranches of such funding being drawn from TWSSI to the Company in March 2026, April 2026, June 2026 and July 2026. To date, the Company has drawn principal of c. £2.25 billion of funding from TWSSI.

The Company drew the final tranche of £213 million of its committed and undeferred[1] super senior funding on 14 July 2026, which is expected to provide liquidity through until at least the end of August 2026 based on the latest Board approved forecast.

TWSSI's remaining uncommitted super senior funding of £677 million, together with the £73 million committed and deferred super senior funding, is (subject to satisfaction or waiver of conditions precedent and to obtaining new commitments) expected to provide liquidity through until at least the end of November 2026 based on the latest Board approved forecast. The Group's and Company's liquidity position and cashflow projections are closely monitored and updated regularly; there remains a risk that short term net cash outflows may be higher than expected. The Company forecasts to undertake the first utilisation of the second tranche of the accordion in August 2026 with the accordion expected to be fully drawn by November 2026, and therefore currently anticipates that the process to obtain commitments for the remainder of the accordion and consents to such drawings will be carried out in the coming weeks and will commence on or around 16 July 2026.

The drawing of super senior funding by TWUL is subject to conditions precedent including that for any drawing on or after 31 July 2026, the 'Supported LUA Condition' (which requires that a lock-up agreement to a recapitalisation transaction has been signed by at least 66 2/3% of the Company's Class A creditors and 66 2/3% of the Company's Super Senior creditors) must be satisfied.

£73 million of the initial £1.5 billion committed facility has been deferred until the full super senior funding, including the accordion, has been drawn down as a result of relevant super senior creditors not participating in previous waiver processes. An amount equal to the deferred amount was requested for commitment from other super senior lenders as part of the accordion allocation process in February 2026.

Accounting policies cont'd

This date has been extended on multiple occasions as part of the recent consent processes and the Company continues to work in good faith to implement a recapitalisation transaction in order to satisfy this condition, with the ability for further extensions to be granted with the consent of at least 50% of the super senior creditors.

The Supported LUA Condition also applies to the accordion, as does a condition that the CMA referral decision has been made (see further below in relation to the status of the CMA referral). The conditions can be waived with the consent of 50% of the super senior creditors.

The super senior creditors have been supportive and the requisite voting thresholds have been achieved in each waiver process to date with a consent rate significantly above the requisite majorities.

The Company forecasts to require further funding beyond November 2026 and that further funding of £2.4 billion would be required to provide sufficient liquidity for the period to end of October 2027, subject to the terms of the funding raise. The Company expects to launch further consent processes to seek consent to increase the super senior funding by £2.4 billion in multiple tranches (the "Upsize"), with such Upsize requiring the consent of at least 75% of the Company's Class A creditors and 75% of the Company's super senior creditors.

If RP2 is not launched by 1 October 2026 (through filing of a claim form or issuance of a practice statement letter), the Company expects to launch a scheme of arrangement or further restructuring plan in respect of the debt falling due in the period to 30 September 2027 (or, potentially, all of the Company's debt) such that their respective maturity dates are rescheduled beyond 30 September 2027. In addition, if RP2 is not launched by 1 April 2027 the Company expects to launch a scheme of arrangement or further restructuring plan in respect of the super senior debt falling due in October 2027 such that its maturity date is rescheduled beyond October 2027.

In order to be sanctioned by the Court, a scheme of arrangement or restructuring plan requires 75% by value and a majority in number (if a scheme) of those voting in each class to approve the scheme or plan, subject to the ability "cram down" a class of creditors in a restructuring plan in certain circumstances.

The Company has historically been subject to financial covenant ratio tests which monitor its interest cover and gearing. However, following the implementation of RP1, amendments have been made to the Company's debt documentation. The outcome of these amendments is that the Trigger Events and Events of Default relating to financial ratios are no longer applicable during the ongoing period known as the 'Stable Platform Period'. During the Stable Platform Period, however, the Company and the Group have heightened reporting obligations to their secured creditors under the WBS structure and remain in a Trigger Event. The Company also has additional covenants including a minimum liquidity cashflow covenant ("Minimum Liquidity Covenant") requiring, upon a request to drawdown on super senior funding from TWSSI, confirmation that the Company and the Group had sufficient positive liquidity for a rolling 13-week period for any week that ended before 28 February 2026. Given 28 February 2026 has already passed, the Company considers that the Minimum Liquidity Covenant should continue (to the extent required) to be considered as met through the Assessment Period.

The Stable Platform Period commenced on 25 February 2025 and will continue until the date of the Company's earliest debt maturity (currently March 2027). The Company expects to require an extension to the Stable Platform Period. If RP2 is not launched by 1 October 2026 (through filing of a claim form or issuance of a practice statement letter). This may require a scheme of arrangement or restructuring plan.

As set out above, to be sanctioned by the Court, a scheme of arrangement or restructuring plan requires 75% by value and a majority in number (if a scheme) of those voting in each class of creditors to approve the scheme or plan, subject to the ability to "cram down" a class of creditors in a restructuring plan in certain circumstances.

The Company has received a letter of support from creditors representing in aggregate over £13 billion (82%) of the Company's Class A Debt and over £1.6 billion (73%) of the Company's Super Senior Debt, indicating that they intend to provide consents to allow the super senior facilities to continue to be drawn, the relevant maturities to be extended and the Stable Platform Period to be extended. The letter of support does not create legally enforceable rights but states the relevant creditors' present intentions. In addition, the consummation of these transactions is reliant on consent processes and Court processes which are outside of the Company's control and which are also reliant on sufficient other creditors in the relevant classes providing their support. The Company intends to discuss this support with its other creditors in the coming months. As such there remains a material uncertainty as to whether the Company and therefore the Group will have sufficient liquidity for the Assessment Period.

2. Recapitalisation Transaction

The Company announced in 2024 that following receipt of the PR24 draft determination it would pursue all options to secure an equity investment from new or existing shareholders. Ofwat published its PR24 Final Determination ("FD") for the Company on 19 December 2024 and the Company has concluded that the FD is neither financeable nor investible. The Company has also concluded that the increase in investment required during AMP8 brings challenges relating to deliverability, predominantly in the wastewater non-infrastructure area of the Company's business.

Accounting policies cont'd

The Company has worked to optimise its investment plan to allow it to deliver the maximum possible wastewater outputs within AMP8. However, the Company remains of the position that it is not possible for it to do everything required of it to achieve compliance with environmental requirements during AMP8, including with wider requirements beyond the schedule of projects required to be delivered under the Water Industry National Environment Programme in AMP8 ("WINEP8").

The Company commenced an equity raise process in the Summer of 2024. The Company started with a pre-marketing phase in July 2024. Parties had access to a comprehensive set of diligence materials throughout the first phase of the equity process, ultimately resulting in five non-binding proposals being received on 5 December 2024 and revised non-binding proposals being received from the same five parties and one additional party on 10 February 2025. As part of the review of the revised non-binding proposals, a sub-committee of the Board of the Company met regularly to consider these revised proposals and the Company's financial adviser held clarificatory calls with, and received supplementary information from, the various parties. The Company kept Ofwat updated throughout this process.

On 31 March 2025 the Company announced, following the detailed assessment of proposals received, that it had selected KKR to enter the Phase 2 diligence stage of the equity process as preferred partner. In parallel, the Company's senior creditors progressed work on an alternative proposal to recapitalise the Company. Following a 10-week due diligence process, KKR advised in writing on 2 June 2025 that it was not in a position to proceed and its preferred partner status lapsed. An alternative proposal from a consortium of the Company's senior creditors, L&VW, was submitted at the same time in late May 2025.

Since June 2025, the Company, L&VW, Ofwat and other regulators have been engaged in constructive discussions regarding the proposed turnaround, transformation and recapitalisation of the Company for the benefit of customers, employees and the environment (the "L&VW Proposal").

On 16 March 2026 the Company announced that L&VW had confirmed to Ofwat and the Company its revised proposal for the turnaround, transformation and recapitalisation of Thames Water, following previous submissions in May and October 2025. Since March 2026 the Company and L&VW have continued to engage with Ofwat and the Company's other regulators and these discussions have remained constructive, with progress on key issues being made. On 15 June 2026 the Secretary of State for Environment, Food and Rural Affairs wrote to Ofwat, copying the Company and L&VW, providing preliminary views in relation to the L&VW Proposal, including in respect of the protection of consumers' interests, the impact on the environment and consumers and the deferral of investments, and the Company is working with L&VW and Ofwat to address those views.

The Company has also increased its engagement with its financial stakeholders in relation to the L&VW Proposal and the support which would be required from them to implement it.

However, the L&VW Proposal is non-binding and remains subject to ongoing review by the Company, Ofwat and other regulators, and is subject to further discussion with the Company's financial stakeholders. As engagement remains ongoing, there is no certainty that the L&VW Proposal will be accepted nor that it will be finalised in its current form. At this stage, the Company's Board has made no decision to accept and take forward the L&VW Proposal to implementation and Ofwat has not launched any public consultation in respect of the regulatory measures which form part of the L&VW Proposal.

Furthermore, following assessment of responses to the public consultation Ofwat may decide not to adopt the regulatory measures in whole or in part which could affect the viability of the L&VW Proposal.

The Company is also aware that it (and the UK water industry generally) face increased scrutiny from regulators and key stakeholders, including the UK Government and political parties and that there is currently a leadership election ongoing in respect of the Labour Party, which is expected to lead to a change in Prime Minister. Intervention by the UK Government in the water industry, or changes in governmental policy, both of which could crystalise at any stage and in the very near term, may affect TWUL's ability to deliver the L&VW Proposal, or any other third party, market-led solution.

In parallel with the above, the Company announced on 14 February 2025 that it had asked Ofwat to refer the Final Determination to the CMA for a full redetermination. On 18 March 2025, the Company announced that it had agreed with Ofwat to defer making the CMA reference for a period of up to 18 weeks to explore the possibility of unlocking a market-led solution for the recapitalisation of the Company. On 18 July 2025, the Company announced that it had agreed with Ofwat to further defer making the CMA reference until 22 October 2025 and, on 21 October 2025, the Company announced that it had agreed with Ofwat to further defer making the CMA reference, and no deadline has been set for the end of the deferral period.

The Company has continued to work on its statement of case such that it will be ready for submission if at any point in the process it determines that a CMA reference is required.

Accounting policies cont'd

The CMA must take into account the same statutory duties, strategic priorities and objectives (as set out in the Water Industry Act 1991) as Ofwat, including in relation to Ofwat's duty to exercise its powers in the manner which it considers is best calculated to (among other things) secure that water and sewerage undertakers are able (in particular, by securing reasonable returns on their capital) to finance the proper carrying out of their functions.

If there is no agreement in relation to the L&VW Proposal and the Company does ultimately withdraw its agreement to defer the CMA reference, the CMA will determine at that point the process to be followed for the redetermination and the Company would need to have sufficient funding to be able to complete that process and any recapitalisation transaction which followed. There can be no assurance that the CMA would make a redetermination that is more investible or financeable than Ofwat's PR24 FD, or that the Company would have sufficient funding to enable completion of the process. An unfavourable CMA determination could increase the risk of a special administration outcome.

As a result, there can be no certainty that the Company will be able to achieve an investible and financeable PR24 outcome or that any recapitalisation transaction will raise sufficient (or any) funds to deliver the turnaround, transformation and recapitalisation of the Company for the benefit of customers, employees and the environment.

Other considerations

There is continued risk of non-compliance with the Company's instrument of appointment.

On 24 July 2024 Moody's downgraded the Company's corporate family rating to Ba2 with negative outlook (from Baa3) and on 31 July 2024 Standard & Poor's downgraded the Company's Class A debt by two notches to BB with negative outlook (from BBB- with credit watch negative previously). As a result, both ratings then fell below the requirements set out in Condition P26 of the Company's Licence requiring two ratings of investment grade to be held. During subsequent months both ratings were downgraded further, with Moody's Corporate Family rating now at Caa3 (stable outlook) and Standard & Poor's Class A rating now at CCC (negative outlook).

As a result of these downgrades by S&P and Moody's, TWUL does not currently hold any investment grade credit ratings and Ofwat has confirmed it is in breach of Condition P26 of its Licence. A package of undertakings was accepted by Ofwat in which the Company committed to taking all reasonable steps to address the concerns raised by its credit rating agencies and to restore two investment grade credit ratings. The consultancy firm, L.E.K. Consulting, was appointed as an 'independent monitor' to review the Company's progress and compliance with the undertakings it made to Ofwat. Successfully restoring its investment grade credit rating is reliant on securing an investible and financeable PR24 outcome (which may be subject to a CMA referral), securing new equity investment and completing a sustainable recapitalisation of the business. However, the Directors believe that the Company is currently compliant with the undertakings.

On 28 May 2025, Ofwat issued two penalties to the Company:

- A penalty notice for £18.2 million in respect of its finding of contravention by the Company of Condition P30 of its Licence in relation to certain interim dividend payments made in October 2023 and March 2024. No enforcement order was issued, with Ofwat noting that credit rating downgrades subsequent to those interim dividend payments mean that the Company is now in cash lock-up and is unable to declare or settle any future dividends (without Ofwat's prior consent) until such a time as its investment grade credit ratings have been restored. The inability of the Company to pay a dividend as a result of the cash lock-up and the uncertainty that may arise in relation to future declaration of dividends could affect the equity proposition that the Company represents; and
- An enforcement order which, among other things, required the Company within 6 months to submit remediation plans to Ofwat, alongside a penalty notice which imposed a penalty of £104.5 million. On 28 November 2025, the Company announced that it had submitted its remediation plans to Ofwat and in May 2026 the Company provided its 6 monthly-update to Ofwat. As part of submitting these remediation plans, the Company assessed the cost and timing of the capital investment required and identified significant costs which were not fully funded through the existing Final Determination. The Company is continuing to assess the level of capital investment required as it carries out further investigations as part of the implementation of the remediation plans. It is noted that the parallel investigation into compliance with Environmental Permits at Sewage Treatment Works by the Environment Agency continues and there remains uncertainty as to the conclusion of such investigation and its potential impact on the financial position of the Company.

Accounting policies cont'd

On 27 August 2025, the Company announced the agreement of a payment plan with Ofwat in respect of these penalties. Under this payment plan, the Company agreed to pay 20% of the total combined penalties (being £24.5 million) by 30 September 2025 and the balance of the penalties upon the earliest of (i) 30 days after the implementation of RP2; (ii) 31 March 2030; and (iii) if a special administration of the Company occurred under the Water Industry Act 1991, 30 days following the Company's exit from special administration. On 22 September 2025, the Company announced that its super senior creditors had approved the payment plan via a consent request process with a consent rate of over 99% (including deemed consents). The Company has since paid the first instalment by the date on which it was due under the payment plan.

The Company also faces a number of significant incomplete enquiries, investigations and litigation (as set out in further detail in the notes of the Regulatory Accounting Statements) that could lead to significant fines and penalties, unfunded expenditure costs and claims for damages. In addition, the triennial valuation of each of the Company's defined benefit pension schemes (TWPS and MIPS) with an effective date of 31 March 2025 has been under discussion between the pension trustee and the Company. It is a requirement under UK regulations that triennial valuations of this type must be finalised within a period of 15 months from their effective date. This requirement has not been met in relation to TWPS (but has been met in relation to MIPS). Where an actuarial valuation is not completed by the legislative deadline, the Pensions Regulator may open an investigation and consider using its enforcement powers. No such investigation has been launched at this stage. The impact of these, including any potential future enquiries, investigations and litigation, could place restraints on the financial resources available to the Company (and consequently the timeline available to complete the recapitalisation), potential returns to equity investors and further affect the investibility and financeability of the Company.

In the event that the Company cannot implement the PR24 Business Plan in full, without revised regulatory arrangements, it is possible that it would over time breach the conditions of its Instrument of Appointment, the Water Industry Act 1991, its environmental permits and other legislation.

These could be breached (or be likely to be breached) in such a way that would be serious enough to make it inappropriate for the Company to continue to hold its licence of appointment and give rise to a ground for the Secretary of State (or Ofwat, with the consent of the Secretary of State) to petition the court to evaluate a Special Administration Order (including through a significant adverse operational event, depending on its severity). A petition could also be made if the Company is unable to pay its debts. Any or all of these factors, or analogous factors, singularly or in combination, may lead to a Special Administration Order. The purpose of the Special Administration Regime is to enable the functions of a water and sewage undertaker to be carried out whilst a special administrator seeks to rescue the business as a going concern and/or transfer, as a going concern, its undertaking to one or more other companies.

Conclusion

The Directors believe that it is reasonable to assume that the Group and Company will have adequate resources, for a period of 12 months from the date of approval of these Regulatory Accounting Statements, to continue operations and discharge their obligations as they fall due. In assessing whether the Group and Company have adequate resources, for a period of at least 12 months from the date of approval of these Regulatory Accounting Statements, to continue operations and discharge their obligations as they fall due, the Directors have taken into consideration all of the factors set out above.

However, for the reasons set out above, the Directors believe there exists material uncertainty as to whether the Group and the Company will be able to extend its liquidity runway for the Assessment Period in order to deliver a recapitalisation transaction by way of RP2 successfully either within the Assessment Period or at all. If it fails to do so, the Company would need to consider all options available to it at the time, but a possible consequence could be a special administration of the Company under the Water Industry Act 1991. The elements which will be key to the success of a recapitalisation transaction pursuant to RP2 are each subject to uncertainties which are outside of the Group and Company's control and which could crystallise in the very near term. Taken together these may cast significant doubt on the Group and the Company's ability to continue as a going concern in relation to the preparation of the Regulatory Accounting Statements.

The Regulatory Accounting Statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

Accounting policies cont'd

Revenue recognition

Revenue represents income receivable from regulated water and wastewater activities. For regulatory reporting purposes, Ofwat requires a deviation from IFRS15 whereby revenue for amounts billed and deemed uncollectable in the current year are recognised within operating costs in the Annual Performance Report (instead of a direct reduction to revenue as required by IFRS15).

The difference between the amount recorded as revenue in the statutory accounts and the amount recorded as revenue in the regulatory accounts was £100.5 million for the year ended 31 March 2026, as shown in the following table.

Revenue includes an estimate of the amount of water and wastewater charges unbilled at the year end. This accrual is estimated using a defined methodology based on a measure of unbilled water consumed by tariff, calculated from historical billing information. Apart from the treatment of developer services and diversions income defined within RAG1.10, there are no material changes to the methodology applied in the current period.

Appointed Activities Units: £m	
Statutory revenue	3,756.518
Bad debt reclassified to opex	74.343
Reclassification of sludge cake sales to opex	-1.531
Reclassification of other income	-5.273
Non-appointed income	-168.037
Appointed revenue	3,656.020

Price control segments

Price controls relate to specific products and services which we provide to customers. The following price controls are regulated during the financial year:

- Water network plus: transport and storage of raw water, treatment and distribution of water to our customers through our water network;
- Wastewater network plus: our sewer network, treatment of sewage and treatment of sludge liquors;
- Water resources: abstracting raw water;
- Bioresources: the transport, treatment and disposal of sludge;
- Retail Household: provides certain customer-facing activities including billing and revenue collection for household customers;
- Retail Non-Household: On 1 April 2017, we transferred our non-household customers to Castle Water Limited, and ceased to act as non-household retailer, however we continue to recognise wholesale revenue from these customers via third-party non-household retailers; and
- Additional water control: not applicable to Thames Water
- Additional wastewater control (Thames Tideway Tunnel): responsible for the construction of interface works to the Thames Tideway Tunnel.

We allocate all costs either directly or indirectly in accordance with RAG2.10 – Guideline for classification of costs across the price controls.

There are no major changes in our allocation methodology or systems in the current period ensuring historical consistency and meaningful year on year comparison. Recharge allocations continue to be determined using consistent cost drivers in line with RAG 2.10 principles.

Financial information within our finance system (SAP) is recorded by expenditure type within specific cost centres. Where possible, operating costs are attributed at the lowest level within the cost centre hierarchy, the relevant process level appropriate to the type of cost and price control. However, certain costs are recorded at a higher level in the cost centre hierarchy where they do not specifically relate to a process or if the cost is a support related cost.

Where a cost centre's activity is 100% attributable to a specific price control unit, costs are directly assigned. For costs that straddle multiple upstream services, activity based drivers are used. For example, Shared Group Services overheads are allocated primarily using the Full-Time Equivalent headcount or specific drivers.

On an annual basis, there are changes in volume of activities, rates, lower volume of depreciation etc. These will be incorporated into the calculation of cost allocation to reflect the latest result.

We use a cloud-based business modelling and planning application (SAP Analytics Cloud) to produce the operating expenditure component of our regulatory tables. SAP remains the primary financial accounting and management tool used by the business and is the source of the data used in SAP Analytics Cloud.

To maintain an accurate asset register, every capital project is codified from day one. Capital expenditure is recorded in SAP Project Systems and allocated to regulatory tables using purpose codes, asset class and Accounting Separation Key. Where possible, capital expenditure and associated depreciation are directly attributed to one of the price controls. Where this is not possible, as an asset is used by more than one of the price controls, the capital expenditure and depreciation are reported in the price control where the service of principal use occurs with a recharge for use, equivalent to depreciation, being made to the other price controls reflecting the proportion of the asset used by them.

Accounting policies cont'd

Occupied household properties policy

An occupier is any person who owns a premises or who has agreed with the Company to pay water and sewerage services in respect of the premises. No bills are raised in the name of "the occupier", other than in the circumstances outlined in the 'Unoccupied properties policy' section below. The property management process is followed to identify whether the property is occupied or not.

The property management process consists of the following:

- Mailings;
- Customer contacts;
- Meter reading for metered properties;
- Land registry checks; and
- Credit reference agency data.

Unoccupied household properties policy

Revenue is not recognised in respect of unoccupied properties. Properties are classified as unoccupied when:

- A new property has been connected but is unoccupied and unfurnished;
- We have been informed that the customer has left the property;
- It is unfurnished and not expected to be reoccupied immediately;
- It has been disconnected following a customer request;
- The identity of the customer is unknown; and
- We've been informed that the customer is in a care home, in long term hospitalisation, in prison or overseas long-term.

The Company only raises bills in the name of the 'occupier' when it has evidence that a property is occupied but cannot confirm the name of the occupier. When the Company identifies the occupant, the bill is cancelled and re-billed in the customer's name. If the Company has not identified an occupant within six months the bill is cancelled, and the property is classified as empty.

When a property is classified as unoccupied, a defined process is followed to verify when the property becomes occupied and/or obtain the name of the customer in order to initiate billing.

The residency confirmation process comprises a number of steps which include using external and internal information for desk-top research to confirm the property status (occupied/empty) and, where possible, to identify the occupier's name.

The property will only cease to be classified as unoccupied when a named customer is identified and billed.

The Company does not recognise income in respect of empty properties. If the Company has turned off the supply of water at the mains to a property at a customer's request, then water supply charges are not payable.

A customer may request the supply to be turned off in instances such as the property is to be demolished or where a house previously converted into flats (and additional supplies made) is to be converted back into a house.

If the occupier's name is not obtained at this point, the property will remain classified as unoccupied, and the residency confirmation process will be re-started after one to six months. If these steps confirm that a property appears to be empty, then the supply may be turned off.

The following activities are undertaken to check properties classified as unoccupied are in fact not occupied:

- Where the customer has left a property and it is expected to be occupied by someone else, a welcome letter is sent to the property explaining to the occupier how to register as the new account holder;
- Where there is no response to the welcome letter within two months a further letter is sent to the property explaining that the property has been classified as void and may be scheduled for disconnection as a result;
- Meter readings are taken for metered unoccupied properties and where consumption is recorded a letter is sent to the property; and
- Inspections are organised throughout the year to check for occupancy status.

Accounting policies cont'd

New household properties

All new properties are metered. Charges accrue from the date at which the meter is installed. The developer is billed between the date of connection and first occupancy, and this is recognised as revenue.

If the developer is no longer responsible for the property and no new occupier has been identified, the property management process referred to above is followed to identify the new occupier. Until the new occupier has been identified the property is treated as unoccupied and is not billed.

Household disconnections policy

Premises listed in Schedule 4A of the Water Industry Act 1991 (any dwelling occupied by a person as his or her only or principal home) cannot be disconnected for non-payment of charges. However, the following provisions do apply in respect of any disconnections:

- If the water supply to any premises is disconnected for any reason, but we continue to provide sewerage services to those premises, the customer will be charged the appropriate Sewerage Unmeasured Tariff unless it can be demonstrated that the premises will be unoccupied for the period that the premises are disconnected, in which case there is no charge. Revenue is recognised for sewerage services up to the point we are aware the property becomes unoccupied;
- If it is found subsequently that the premises were occupied for any period when we were advised that the premises would be unoccupied, the appropriate Sewerage Unmeasured Tariff will then apply to that period and appropriate retrospective bills are raised, and revenue recognised at that point; and
- In the event that we suspect that a property is occupied but we have no record of the occupier, we take steps to establish the identity of the occupier in order that billing can commence, and revenue be recognised. An occupier is defined to include any person who owns premises as set out in the 'Occupied properties policy' above and also any person who has agreed with us to pay water supply and/or sewerage charges in respect of any premises (e.g. a Bulk Meter Agreement).

Accounting policies cont'd

Metered sales accrual ('MSA') reconciliation: retrospective review of household measured income accrual

Appointed income for the year ended 31 March 2025 included a measured income accrual of £292.7 million. The value of billing subsequently recognised in the year ended 31 March 2026 for consumption in the prior year was £301.2 million (total revenue of £308.5 million of which £7.2 million is unbilled).

This has resulted in an increase in the current year's revenue due to the under-estimation of the prior year's measured income accrual:

MSA	£ million	£ million
System Accrual - Main	288.306	
System Accrual - WaterSure/WaterHelp	-9.179	
System Accrual		279.127
Excluded		10.525
New Accounts		1.930
Subtotal		291.582
Re-registered in Household		1.153
Total accrual		292.735

Unwind	£ million	£ million
Billed - main	292.735	
Billed - WaterSure/WaterHelp	-9.658	
Still in accrual	7.216	
		290.393
Excluded		12.337
New Accounts		0.179
Subtotal		302.909
Re-registered in Household		0.084
Customer switching from unmeasured to metered		5.495
Total		308.488

Capitalisation policy

The regulatory accounts policy on Property, Plant and Equipment ('PP&E') follows the statutory accounting policies with the exception of borrowing costs. No changes have been made to this policy since the prior reporting period.

In the statutory accounts, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the associated asset. All other borrowing costs are included as finance expenses within the income statement.

For regulatory reporting purposes borrowing costs may not be capitalised. The regulatory approach, which differs from IAS 23, results in an additional £200.8 million being recognised in interest expense and £11.1 million decrease in depreciation within the regulatory accounts for 2025/26.

Bad debt policy

The Company applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and insurance claims receivable. The Company's assessment for calculating expected credit losses is explained below.

Where material operational changes occur during the period, or emerging economic factors are expected to affect customer payment behaviour, management performs a review of the provision model outputs to assess their appropriateness. Where necessary, management applies adjustments to ensure the provision reflects its best estimate of expected future credit losses at the reporting date.

Accounting policies cont'd

Directly billed

A bad debt model is used to calculate the provision for directly billed customers. This uses performance in the year to determine the level of provision required. The model takes the closing receivables balance and then deducts the amounts that are expected to be collected or cancelled based on performance in the year.

The amount that remains will be uncollectable and therefore needs to be covered by a bad debt provision. Debt that is older than four years is fully provided for. There are also provisions to cover billing that is cancelled and not re-billed and also the collectability of any rebilling and a bad debt provision against unbilled debtors, which are debts that have not been billed yet but are part of the metered sales accrual.

Using the output of the model together with management's judgement of expected performance in the future, a management judgement is formed regarding the level of provision required for future credit losses.

Directly Billed Write Off Policy

Our bad debt write-off policy has remained unchanged and has been consistently applied in the current year. Debt is only written off after all available economic options for collecting the debt have been exhausted and the debt has been deemed to be uncollectable. This may be because the debt is impossible, impractical, inefficient or uneconomic to collect.

Situations where this may arise and where debt may be written off are as follows:

- Where the customer has absconded without paying and strategies to trace their whereabouts and collect outstanding monies have been fully exhausted;
- Where the customer has died without leaving an estate or has left an insufficient estate on which to levy execution;
- Where the value of the debt makes it uneconomic to pursue – all debts of less than £5 are written off;
- Where the age of the debt exceeds the statute of limitations – all debts of greater than 6 years old are written off, taking into account usual business rules;
- Where county court proceedings and attempts to recover the debt-by-debt collection agencies (multiple in some cases) have proved unsuccessful including where the customer does not have any assets/has insufficient assets on which to levy execution;
- Where the customer has been declared bankrupt, is in liquidation or is subject to insolvency proceedings or a debt relief order and no dividend has been or is likely to be received.

For debt to be written off there must be a legitimate charge against the debtor and no reasonable expectation of recovery.

Disclosure is made for information regarding financial assets that are written off but are still subject to enforcement activity.

Water Only Companies ('WOCs')

A provision is also made against debts held by WOCs who bill their customers for sewerage services on behalf of us. Since detailed information is limited about the debt held on our behalf by the WOCs, we use an average of two data points when calculating the provisions – WOC Statutory Accounts and Thames Water directly billed ('DB') provision rates - taking a single data point is not appropriate as collection rates, write-off and provisioning policies, differ from company to company.

Where provision rates have been provided by the WOCs this has been used as it accurately reflects the provision required to cover future write-offs.

Bazalgette Tunnel Limited ('BTL')

The arrangement with BTL means the Company has included construction costs of the Thames Tideway Tunnel within its bills to wastewater customers. As cash is collected, these amounts are subsequently paid to BTL. This arrangement gives rise to the recognition of revenue within the Company and associated bad debt.

The bad debt methodology is consistent with directly billed customers.

Non-Household Customers

The Company has assessed the risk of credit losses for non household customers to be low and therefore no bad debt provision has been made.

Tables 2A-2R Price review & other segmental reporting

Table 2A: Segmental income statement for the 12 months ended 31 March 2026

This table provides information of our appointed business split by the price control units defined by Ofwat.

Additional narrative for this table

Further information regarding performance by price control units can be found in tables:

- 2C (retail cost analysis);
- 4D (totex analysis – water resources and water network+); and
- 4E (totex analysis – wholesale wastewater).

Line description Units: £m	Residential Retail	Business retail	Water resources	Water Network+	Wastewater Network+	Bio-resources	Additional wastewater control	Total	RAG4 Ref
Revenue - price control	264.607	0.000	95.367	1,465.252	1,416.504	286.935	105.265	3,633.930	2A.1
Revenue - non price control	0.088	0.000	0.000	0.000	0.000	0.000	0.000	0.088	2A.2
Revenue - non-price control (third-party services)	0.000	0.000	0.511	7.934	11.462	2.283	0.000	22.190	2A.3
Operating expenditure - excluding PU recharge impact	-240.796	0.000	-99.541	-573.565	-721.605	-89.731	15.047	-1,710.191	2A.4
PU opex recharge	-4.591	0.000	-1.033	-11.921	15.106	2.439	0.000	0.000	2A.5
Operating expenditure - including PU recharge impact	-245.387	0.000	-100.574	-585.486	-706.499	-87.292	15.047	-1,710.191	2A.6
Depreciation tangible fixed assets	-3.701	0.000	-9.668	-395.230	-256.344	-72.298	8.144	-729.097	2A.7
Amortisation intangible fixed assets	-24.649	0.000	-0.091	-6.389	-34.176	-0.117	0.000	-65.422	2A.8
Other operating income	0.138	0.000	0.023	0.097	-0.895	-0.016	0.003	-0.651	2A.9
Operating profit	-8.904	0.000	-14.432	486.178	430.052	129.495	128.459	1,150.848	2A.10

Note: We don't have any additional water controls.

Table 2B: Totex analysis for the 12 months ended 31 March 2026 – wholesale price controls

This table breaks down the wholesale totex expenditure from Table 2A into the wholesale price control units and cost categories required to be reported on by Ofwat.

Additional narrative for this table

There's no additional narrative for this table.

Line description Units: £m	Water resources	Water Network+	Waste Network+	Bio-resources	Additional wastewater control	Total	RAG4 Ref
Gross operating expenditure							
Operating expenditure - Total wholesale	100.574	585.486	706.499	87.292	-15.047	1,464.804	2B.1
Developer services & diversions income (opex)							
Developer services income (opex)		2.677	3.513			6.190	2B.2
Diversions income (opex)	0.000	1.555	1.511			3.066	2B.3
Net operating expenditure							
Operating expenditure - Total wholesale (net)	100.574	581.254	701.475	87.292	-15.047	1,455.548	2B.4
Gross capital expenditure							
Capital expenditure - Total wholesale	105.949	1,029.718	976.819	169.331	27.833	2,309.650	2B.5
Developer services income (capex)							
Developer services income (capex)		52.330	20.008			72.338	2B.6
Diversions income (capex)	0.000	5.003	4.651			9.654	2B.7
Net capital expenditure							
Capital expenditure - Total wholesale (net)	105.949	972.385	952.160	169.331	27.833	2,227.658	2B.8
Net total expenditure							
Net totex	206.523	1,553.639	1,653.635	256.623	12.786	3,683.206	2B.9
Cash expenditure							
Pension deficit recovery payments	6.884	83.580	80.055	0.000	0.000	170.519	2B.10
Equity issuance costs	0.000	0.000	0.000	0.000	0.000	0.000	2B.11
Other cash items	0.000	0.000	0.000	0.000	0.000	0.000	2B.12
Totex including cash items	213.407	1,637.219	1,733.690	256.623	12.786	3,853.725	2B.13

Note: We don't have any additional water controls.

Table 2C: Cost analysis for the 12 months ended 31 March 2026 - retail

This table breaks down retail expenditure from Table 2A into the cost categories.

Additional narrative for this table

Total operating costs for retail household was £273.7 million in 2025/26.

This is £55.8 million higher than the allowed residential expenditure in the Final Determination for AMP8; and £36.3 million higher than in 2024/25 when adjusted for CPI.

The 2025/26 expenditure increase is mainly driven by increased doubtful debts, driven by higher revenue, following increased customer tariffs. In addition, there is increased spend on transformational activities including customer complaints and debt management.

Household customer figures in the region have increased from 5.81 million in 2024/25 to 5.83 million in the current year.

Thames Water exited the non-household retail market at Market Opening in April 2017.

The total allowed expenditure for the current AMP was determined using the actual number of customers in 2025–26 and the forecast customer numbers for the following four years. These forecasts are based on the PR24 Final Determination and are considered a reasonable proxy for the reforecast customer numbers that will be reported annually in Table 2F, line 8, throughout the remainder of the AMP period.

Line description Units: £m	Residential	Business	Total	RAG4 Ref
Operating Expenditure				
Customer services	81.924	0.000	81.924	2C.1
Debt management	34.460	0.000	34.460	2C.2
Doubtful debts	111.617	0.000	111.617	2C.3
Meter reading	11.762	0.000	11.762	2C.4
Other operating expenditure	0.269	0.000	0.269	2C.5
Local authority and Cumulo rates	0.572	0.000	0.572	2C.6
Total operating expenditure excluding third party services	240.604	0.000	240.604	2C.7
Depreciation				
Depreciation (tangible fixed assets) on assets existing at 31 March 2015	0.122	0.000	0.122	2C.8
Depreciation (tangible fixed assets) on assets acquired after 1 April 2015	3.579	0.000	3.579	2C.9
Amortisation (intangible fixed assets) on assets existing at 31 March 2015	0.000	0.000	0.000	2C.10
Amortisation (intangible fixed assets) on assets acquired after 1 April 2015	24.649	0.000	24.649	2C.11
Recharges				
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	0.000	0.000	0.000	2C.12
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	0.000	0.000	0.000	2C.13
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	4.591	0.000	4.591	2C.14
Income from wholesale assets acquired after 1 April 2015 principally used by retail	0.000	0.000	0.000	2C.15
Net recharges costs	4.591	0.000	4.591	2C.16

Table 2C: Cost analysis for the 12 months ended 31 March 2026 - retail cont'd

Line description Units: £m	Residential	Business	Total	RAG4 Ref
Total retail costs excluding third party and pension deficit repair costs	273.545	0.000	273.545	2C.17
Third party services operating expenditure	0.000	0.000	0.000	2C.18
Pension deficit repair costs	0.192	0.000	0.192	2C.19
Total retail costs including third party and pension deficit repair costs	273.737	0.000	273.737	2C.20
Debt written off				
Debt written off	90.536	0.000	90.536	2C.21
Capital expenditure				
Capital expenditure	21.403	0.000	21.403	2C.22
Comparison of actual and allowed expenditure				
Cumulative actual retail expenditure to reporting year end	273.545			2C.23
Cumulative allowed expenditure to reporting year end	217.886			2C.24
Total allowed expenditure - current AMP	1,193.337			2C.25

Our data tables are published in full on our website: https://www.thameswater.co.uk/about-us/performance/regulatory-library

Table 2D: Historic cost analysis of tangible fixed assets at 31 March 2026

This table shows changes in our fixed assets across our price control units.

Additional narrative for this table

This table shows changes in the fixed and leased assets across our price control units. Our accounting policies with relation to fixed assets and depreciation are set out in full in our Annual Report and Accounts 2025/26.

The net book value includes £3,256.8 million in respect of assets in the course of construction. An amount of £50.0 million relating to an investment property is included in the gross cost.

A £3.8 million adjustment (£9.6 million cost, £13.4 million depreciation) has been included in the net book value to reflect a revision in a property lease date from 2029 to 2130.

Under regulatory reporting guidelines, disclosure of third-party services was not required prior to 2015 (AMP5). We are unable to retrospectively populate this data. As a result, Balance sheet reporting within table 2D on Third party assets represent those acquired from 2016 (AMP6) onwards.

Note: We don't have any additional water controls.

Line description Units: £m	Residential Retail	Business retail	Water resources	Water Network+	Wastewater Network+	Bio-resources	Additional wastewater control	Total	RAG4 Ref
Cost									
At 1 April	53.625	0.000	488.621	12,560.888	10,519.973	1,565.814	1,370.593	26,559.514	2D.1
Disposals	-0.102	0.000	-0.203	-16.125	-7.433	-0.266	-0.100	-24.229	2D.2
Additions	12.115	0.000	104.039	1,017.338	951.952	165.359	27.826	2,278.629	2D.3
Adjustments	-6.068	0.000	4.640	-3.827	82.490	-92.122	8.488	-6.399	2D.4
Assets adopted at nil cost	0.000	0.000	0.000	47.288	112.542	0.000	0.000	159.830	2D.5
At 31 March	59.570	0.000	597.097	13,605.562	11,659.524	1,638.785	1,406.807	28,967.345	2D.6
Depreciation									
At 1 April	-34.888	0.000	-78.214	-3,567.510	-2,613.040	-658.837	-19.849	-6,972.338	2D.7
Disposals	0.102	0.000	0.147	15.261	6.269	0.392	0.000	22.171	2D.8
Adjustments	6.096	0.000	0.309	5.032	-6.941	4.998	0.829	10.323	2D.9
Charge for year	-3.701	0.000	-9.668	-395.230	-256.344	-72.298	8.144	-729.097	2D.10
At 31 March	-32.391	0.000	-87.426	-3,942.447	-2,870.056	-725.745	-10.876	-7,668.941	2D.11
Net book amount at 31 March	27.179	0.000	509.671	9,663.115	8,789.468	913.040	1,395.931	21,298.404	2D.12
Net book amount at 1 April	18.737	0.000	410.407	8,993.378	7,906.933	906.977	1,350.744	19,587.176	2D.13
Amortisation for the year									
Third party services	0.000	-0.304	-0.084	0.000	0.000	0.000	0.000	-0.388	2D.14
Third party services at 31 March									
Cost at 31 March - third party services tangibles	0.000	25.098	7.840	0.000	0.000	0.000	0.000	32.938	2D.15
Amortisation at 31 March - third party services tangibles	0.000	-0.487	-0.802	0.000	0.000	0.000	0.000	-1.289	2D.16
Net book amount at 31 March - third party services tangibles	0.000	24.611	7.038	0.000	0.000	0.000	0.000	31.649	2D.17

Table 2E: Analysis of Developer services income by price control for the 12 months ended 31 March 2026

This table, along with Table 2R, analyses developer services income from associated Capex and Opex activities.

This table looks at developer services income including infra charges while Table 2R analyses income from diversion activities.

Additional narrative for this table

There's no additional narrative for this table.

Line description Units: £m	Income relating to opex spend	Income relating to capex spend	Total	RAG4 Ref
Developer services income - water network+ (price control)				
Infrastructure charge receipts – water	0.000	29.964	29.964	2E.1
Income offset – water	0.000	1.109	1.109	2E.2
Environmental incentives for more water efficient developments - water	0.000	-1.765	-1.765	2E.3
Environmental component for more water efficient developments - water	0.000	3.370	3.370	2E.4
Infrastructure charge receipts – after impact of income offset/environmental incentives (water)	0.000	30.460	30.460	2E.5
Other Developer services income - water network+ (price control)	0.000	0.000	0.000	2E.8
Total Developer services income - water network+ (price control)	0.000	30.460	30.460	2E.9
Developer services income - water network+ (non-price control)				
Connection charges - water (English companies only)	1.577	17.460	19.037	2E.10
Requisitioned mains (English companies only)	0.323	3.411	3.734	2E.11
Other developer services income - water network+ (non-price control)	0.777	0.999	1.776	2E.12
Total Developer services income - water network+ (non-price control)	2.677	21.870	24.547	2E.13
Developer services income - wastewater network+ (price control)				
Infrastructure charge receipts – wastewater	0.000	17.751	17.751	2E.14
Income offset - wastewater	0.000	-0.023	-0.023	2E.15
Environmental incentives for more water efficient developments - wastewater	0.000	-0.520	-0.520	2E.16
Environmental component for more water efficient developments - wastewater	0.000	0.935	0.935	2E.17
Infrastructure charge receipts – after impact of income offset/environmental incentives (wastewater)	0.000	18.189	18.189	2E.18
Other developer services income - wastewater network+ (price control)	0.000	0.000	0.000	2E.19
Total Developer services income - wastewater network+ (price control)	0.000	18.189	18.189	2E.20
Developer services income - wastewater network+ (non-price control)				
Receipts for on-site work	0.038	1.683	1.721	24.21
Other developer services income - wastewater network+ (non-price control)	3.475	0.136	3.611	2E.22
Total Developer services income - wastewater network+ (non-price control)	3.513	1.819	5.332	2E.23

Table 2F: Residential retail for the 12 months ended 31 March 2026

This table shows an analysis of household retail revenues and customer numbers by customer type.

Additional narrative for this table

We've applied the RAG 4.14 guidance for Table 2F.

While we acknowledge the reference to the rulebook, we've not cross-referenced it as the applicable requirements are derived from the PR19 framework rather than the PR24 rulebook.

Line description	Revenue £m	Number of customers 000s	Average residential revenues £	RAG4 Ref
Residential revenue				
Wholesale revenue	2,708.887			2F.1
Retail revenue	264.607			2F.2
Total residential revenue	2,973.494			2F.3
Retail revenue				
Revenue Recovered ('RR')	264.607			2F.4
Revenue sacrifice	0.000			2F.5
Actual revenue (net)	264.607			2F.6
Customer information				
Actual customers ('AC')		5,827.400		2F.7
Reforecast customers		5,863.446		2F.8
Adjustment				
Allowed revenue ('R')	239.448			2F.9
Net adjustment	-25.159			2F.10
Other residential information				
Average household retail revenue per customer			45.407	2F.11

Table 2G: Non-household water - revenues by tariff type

This table is only applicable for Welsh companies.

Table 2H: Cash collection performance rates - residential retail

This table shows directly billed household collection rates.

Additional narrative for this table

2025/26 are actual collection rates whilst 2026/27 to 2029/30 are forecast collection rates.

The forecast numbers are judgemental and subject to change. These are based on management judgements (Internal Business Plan submission) and subject to change due to future events.

Collection rates are not tracked separately for measured and non-measured categories; therefore, overall customer percentages have been applied to both.

Line description Units: %	% Revenue collected					RAG4 Ref
	2025/26	2026/27	2027/28	2028/29	2029/30	
All customers						
Collection rates for bills raised in 2025/26 - all customers	87.7%	92.2%	92.7%	92.9%	93.0%	2H.1
Collection rates for bills raised in 2026-27 - all customers		89.6%	93.0%	93.8%	94.2%	2H.2
Collection rates for bills raised in 2027-28 - all customers			93.9%	96.3%	96.8%	2H.3
Collection rates for bills raised in 2028-29 - all customers				94.7%	96.5%	2H.4
Collection rates for bills raised in 2029-30 - all customers					93.2%	2H.5
Measured Customers						
Collection rates for bills raised in 2025/26 - measured customers	87.7%	92.2%	92.7%	92.9%	93.0%	2H.6
Collection rates for bills raised in 2026-27 - measured customers		89.6%	93.0%	93.8%	94.2%	2H.7
Collection rates for bills raised in 2027-28 - measured customers			93.9%	96.3%	96.8%	2H.8
Collection rates for bills raised in 2028-29 - measured customers				94.7%	96.5%	2H.9
Collection rates for bills raised in 2029-30 - measured customers					93.2%	2H.10
Non measured customers						
Collection rates for bills raised in 2025/26 - non-measured customers	87.7%	92.2%	92.7%	92.9%	93.0%	2H.11
Collection rates for bills raised in 2026-27 - non-measured customers		89.6%	93.0%	93.8%	94.2%	2H.12
Collection rates for bills raised in 2027-28 - non-measured customers			93.9%	96.3%	96.8%	2H.13
Collection rates for bills raised in 2028-29 - non-measured customers				94.7%	96.5%	2H.14
Collection rates for bills raised in 2029-30 - non-measured customers					93.2%	2H.15

Table 2I: Revenue analysis & wholesale control reconciliation for the 12 months ended 31 March 2026

This table shows an analysis of revenue across our price control units split by revenue streams.

Additional narrative for this table

There's no additional narrative for this table.

Line description Units: £m	Household	Non-household	Total	Water resources	Water network+	Total	RAG4 Ref
Wholesale charge – water							
Unmeasured	485.986	10.366	496.352	30.250	466.102	496.352	2I.1
Measured	724.847	332.737	1,057.584	64.454	993.130	1,057.584	2I.2
Third party revenue	0.000	6.683	6.683	0.663	6.020	6.683	2I.3
Total wholesale water revenue	1,210.833	349.786	1,560.619	95.367	1,465.252	1,560.619	2I.4

Line description Units: £m	Household	Non-household	Total	Wastewater network+	Bio-resources	Total	
Wholesale charge - wastewater (price control)							
Unmeasured - foul charges	361.877	13.445	375.322	312.101	63.221	375.322	2I.5
Unmeasured - surface water charges	78.573	1.962	80.535	66.969	13.566	80.535	2I.6
Unmeasured - highway drainage charges	46.639	1.117	47.756	39.712	8.044	47.765	2I.7
Measured - foul charges	655.139	235.460	890.599	740.583	150.016	890.599	2I.8
Measured - surface water charges	167.036	24.245	191.281	159.061	32.220	191.281	2I.9
Measured - highway drainage charges	101.277	14.189	115.466	96.016	19.450	115.466	2I.10
Third party revenue	0.000	2.480	2.480	2.062	0.418	2.480	2I.11
Total wholesale wastewater revenue	1,410.541	292.898	1,703.439	1,416.504	286.935	1,703.439	2I.12
Wholesale charge – additional water control (price control)							
Unmeasured charges	0.000	0.000	0.000				2I.13
Measured charges	0.000	0.000	0.000				2I.14
Third party revenue	0.000	0.000	0.000				2I.15
Total wholesale revenue	0.000	0.000	0.000				2I.16

Table 2I: Revenue analysis & wholesale control reconciliation for the 12 months ended 31 March 2026 cont'd

Line description Units: £m	Household	Non-household	Total	Water resources	Water network+	Total	RAG4 Ref
Wholesale charge - Additional wastewater control (price control)							
Unmeasured charges - additional wastewater control	30.220	0.800	31.020				2I.17
Measured charges - additional wastewater control	57.293	16.952	74.245				2I.18
Third party revenue - additional wastewater control	0.000	0.000	0.000				2I.19
Total wholesale additional wastewater control revenue	87.513	17.752	105.265				2I.20
Wholesale Total	2,708.887	660.437	3,369.324				2I.21
Retail revenue (price control)							
Unmeasured	36.916	0.000	36.916				2I.22
Measured	227.662	0.000	227.662				2I.23
Retail third-party revenue	0.029	0.000	0.029				21.24
Total retail revenue	264.607	0.000	264.607				2I.25

Table 2J

This table is not used.

Table 2K: Infrastructure charges reconciliation for the 12 months ended 31 March 2026

This table shows an analysis of our infrastructure charges.

Additional narrative for this table

In 2025-26 the spend on network reinforcement exceeds the collection of infrastructure charges which was expected as there is a transition period where some connections are billed on prior year rates, so the full impact of the price increase is yet to fully materialise, and waste connection volumes were lower than expected. Prices for 2026-27 have been adjusted to balance by 2029-30 to match the network reinforcement for the 5-year period.

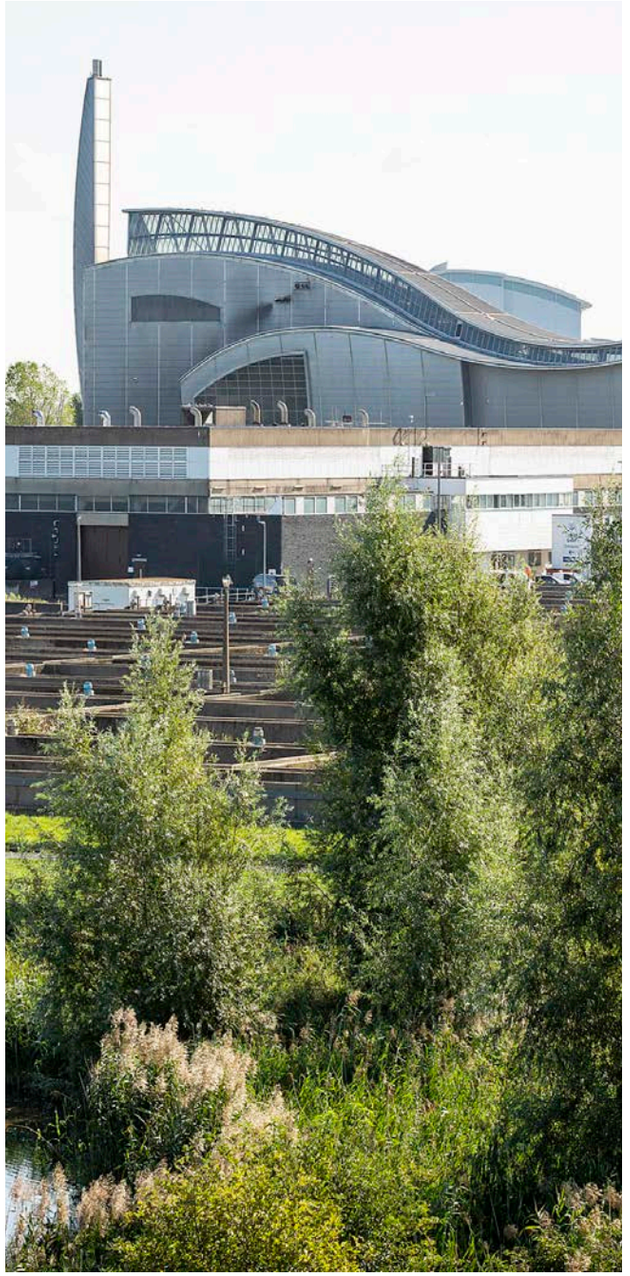
The variances in revenues compared to our budget for 25-26 are shown on table 2K line 6, and line 7 has been entered as the difference to balance the overall variance back to line 4 and is not the same as our budget variance for expenditure, as the table requires this to balance back to the movement in the year.

There are contributions from other sources disclosed as infrastructure charges within the above table as these are considered to be their equivalent, although they are disclosed on separate lines within Table 2E. This includes the non-domestic network charges at a value of £0.7 million.

There are no variances brought forward as this is the start of a new AMP.

Line description Units: £m	Water	Wastewater	Total	RAG4 Ref
Comparison of revenue and costs				
Variance brought forward	0.000	0.000	0.000	2K.1
Revenue	30.545	17.887	48.432	2K.2
Costs	-31.849	-20.510	-52.359	2K.3
Variance carried forward	-1.304	-2.623	-3.927	2K.4
Analysis of variance movement in year				
Revenue impact of charge element which corrects previous years variance	0.000	0.000	0.000	2K.5
Difference in billable developer activity against forecast in year	-1.085	1.914	0.829	2K.6
Difference in infrastructure reinforcement activity against forecast in year	-0.220	-4.537	-4.757	2K.7
Variance movement in year	-1.305	-2.623	-3.928	2K.8

Table 2L: Analysis of land sales for the 12 months ended 31 March 2026



Line description Units: £m	Water resources	Water Network+	Wastewater Network+	Additional control	Total	RAG4 Ref
Land sales – proceeds from disposals of protected land	0.000	0.000	0.000	0.000	0.000	2L.1

Additional narrative for this table

There were no sales of protected land during the year which were above the threshold of £1.0 million for reporting such disposals. There were no qualifying disposals reported to Ofwat in line with RAG 3.16.

Table 2M: Revenue reconciliation for the 12 months ended 31 March 2026 - wholesale

This table shows the wholesale price control difference between the actual revenue recovered and the revenue assumed at the final determination.

Additional narrative for this table

Wholesale revenue for 2025/26 of £3,427.5 million is £126.2 million (3.8%) higher than the amount allowed in Ofwat's PR24 Final Determination.

Wholesale water revenue is £96.9 million (6.5%) and wholesale wastewater revenue (including the Company's delivered element of the Thames Tideway Tunnel) is £29.3 million (1.6%) higher than the allowance.

The causes of the higher revenue in both cases are:

- Higher core tariff revenue from household customers, as a result of a larger chargeable customer base and higher than expected metered consumption;
- Higher core tariff revenue from non-household customers, as a result of a larger chargeable customer base, higher than expected consumption and increases from adjustments to billing from prior years; and
- Lower Developer Services price control revenue due to slippage on both water and waste diversion activity, and lower volumes of waste infrastructure charges.

Line description Units: £m	Water resources	Water network+	Waste-water network+	Bio-resources	Additional wastewater control	Total	RAG4 Ref
Revenue recognised							
Wholesale revenue governed by price control	95.367	1,465.252	1,416.504	286.935	105.265	3,369.323	2M.1
Developer services income (price control)		30.460	18.189			48.649	2M.2
Diversions income (price control)	0.000	6.558	2.990			9.548	2M.3
Total revenue governed by wholesale price control	95.367	1,502.270	1,437.683	286.935	105.265	3,427.520	2M.4
Calculation of the revenue cap							
Allowed wholesale revenue before adjustments (or modified by CMA)	89.051	1,352.495	1,385.596	282.999	103.092	3,213.233	2M.5
Allowed developer services income before adjustments (or modified by CMA)		50.218	23.437			73.655	2M.6
Allowed diversions income before adjustments (or modified by CMA)		8.965	5.457			14.422	2M.7
Revenue adjustment	0.000	0.000	0.000	0.000	0.000	0.000	2M.8
Other adjustments	0.000	0.000	0.000	0.000	0.000	0.000	2M.9
Revenue cap	89.051	1,411.678	1,414.490	282.999	103.092	3,301.310	2M.10
Calculation of the revenue imbalance							
Revenue imbalance	-6.316	-90.592	-23.193	-3.936	-2.173	-126.210	2M.11
AMP8 revenue adjustments							
Uninvoiced revenue due from retailers	0.000	0.000	0.000	0.000	0.000	0.000	2M.12
Competitively Appointed Provider charges	0.000	0.000	0.000	0.000	0.000	0.000	2M.13

Business Retail Market 'performance charges' are levied as part of the Market Performance Framework ('MPF') set out within the statutory Wholesale Retail Code. There were significant changes to the MPF for 2025/2026 with Operational Performance Standards ceasing to apply, Market Performance Standards ('MPS') applying from 1 April 2025 until 30 November 2025 and M19 Cyclic Non-Market Meter Reads performed within service level agreement Key Performance Indicator ('KPI') charges commencing from 1 December 2025. In total, Thames Water was charged £0.2 million of performance charges for the year which most of these are made up of MPS charges (£0.2 million).

The over recovered revenue in 2025/26, attributable to variances in our customer base between outturn and the forecasts used when tariffs were set, will be returned to customers in 2027/28 under Ofwat's Revenue Forecasting Incentive ('RFI') mechanism.

Table 2N: Household affordability support

This table analyses our household affordability support.

Additional narrative for this table

Use of social tariffs

We support our low-income households with the WaterHelp social tariff. If customers qualify, we offer a 25% to 99% discount on their whole bill.

Further information is available on our website.

Line description Units: various	Revenue £m	Number of customers 000s	Average amount per customer £	RAG4 Ref
Section A - social tariffs				
Number of residential customers on social tariffs				
Residential water only social tariffs customers		683		2N.1
Residential wastewater only social tariffs customers		149,011		2N.2
Residential dual service social tariffs customers		336,261		2N.3
Number of residential customers not on social tariffs				
Residential water only no social tariffs customers		50,896		2N.4
Residential wastewater only no social tariffs customers		1,927,648		2N.5
Residential dual service no social tariffs customers		3,362,901		2N.6
Social tariff discount				
Average discount received by each water only social tariffs customer			834.32	2N.7
Average discount received by each wastewater only social tariffs customer			6.85	2N.8
Average discount received by each dual service social tariffs customer			640.29	2N.9
Social tariff cross-subsidy - residential customers				
Total funding from customers to support water only social tariffs	569.843			2N.10
Total funding from customers to support wastewater only social tariffs	1,020.116			2N.11
Total funding from customers to support dual service social tariffs	215,303.758			2N.12
Average funding from customers to support each water only social tariffs customer			11.05	2N.13
Average funding from customers to support each wastewater only social tariffs customer			0.49	2N.14
Average funding from customers to support each dual service social tariffs customer			58.20	2N.15

Table 2N: Household affordability support cont'd

Line description Units: various	Revenue £m	Number of customers 000s	Average amount per customer £	RAG4 Ref
Funding from shareholders to support social tariffs				
Total funding from shareholders to support water only social tariffs	0.000			2N.16
Total funding from shareholders to support wastewater only social tariffs	0.000			2N.17
Total funding from shareholders to support dual service social tariffs	0.000			2N.18
Average funding from shareholders to support each water only social tariffs customer			0.00	2N.19
Average funding from shareholders to support each wastewater only social tariffs customer			0.00	2N.20
Average funding from shareholders to support each dual service social tariffs customer			0.00	2N.21
Social tariff support - willingness to pay				
Maximum amount customers are willing to pay to support social tariffs			60.47	2N.22
Shareholder contribution				
Total funding from shareholders to support household debt matching schemes	0.000			2N.23
Number of unique household customers that benefitted from the funding from shareholders to support debt matching schemes		0		2N.24
Total funding from shareholders to support all other household affordability schemes, excluding social tariffs and debt matching	0.000			2N.25
Number of unique household customers that benefitted from the funding from shareholders to support all other household affordability schemes, excluding social tariffs and debt matching		0		2N.26
Total funding from shareholders to support all affordability schemes			0.00	2N.27
Section B WaterSure tariffs				
Number of unique customers on WaterSure		29,926		2N.28
Total reduction in bills for all WaterSure customers who paid the average household bill	13,876.466			2N.29
Average reduction in bills for all WaterSure customers who paid the average household bill			463.69	2N.30

Table 2O: Historic cost analysis of intangible fixed assets

This table analyses our intangible fixed assets.

Additional narrative for this table

The net book value includes £36.1 million in respect of assets in the course of development.

Note: We don't have any additional water controls.

Line description Units: £m	Residential Retail	Business retail	Water resources	Water Network+	Waste Network+	Bio-resources	Additional wastewater control	Total	RAG4 Ref
Cost									
At 1 April	192.226	0.000	2.250	68.206	347.058	5.861	0.000	615.601	2O.1
Disposals	0.000	0.000	0.000	0.000	-0.001	-0.001	0.000	-0.002	2O.2
Additions	9.288	0.000	1.904	12.044	24.542	3.970	0.000	51.748	2O.3
Adjustments	0.000	0.000	-2.128	7.373	2.534	-3.766	0.000	4.013	2O.4
Assets adopted at nil cost	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2O.5
At 31 March	201.514	0.000	2.026	87.623	374.133	6.064	0.000	671.360	2O.6
Amortisation									
At 1 April	-104.549	0.000	-2.146	-51.030	-249.103	-6.279	0.000	-413.107	2O.7
Disposals	0.000	0.000	0.000	0.000	0.001	0.001	0.000	0.002	2O.8
Adjustments	0.000	0.000	0.022	0.591	-1.064	0.648	0.000	0.197	2O.9
Charge for year	-24.649	0.000	-0.091	-6.389	-34.176	-0.117	0.000	-65.422	2O.10
At 31 March	-129.198	0.000	-2.215	-56.828	-284.342	-5.747	0.000	-478.330	2O.11
Net book amount at 31 March	72.316	0.000	-0.189	30.795	89.791	0.317	0.000	193.030	2O.12
Net book amount at 1 April	87.677	0.000	0.104	17.176	97.955	-0.418	0.000	202.494	2O.13
Amortisation for year									
Third party services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2O.14
Third party services at 31 March									
Cost at 31 March - third party services intangibles	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2O.15
Amortisation at 31 March - third party services intangibles	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2O.16
Net book amount at 31 March - third party services intangibles	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2O.17

Table 2P: Third party services revenue for the 12 months ended 31 March 2026

This table shows the value of third party revenue.

Additional narrative for this table

There's no additional narrative for this table.

Line description Units: £m	Water resources	Water network+	Wastewater network+	Bio-resources	Additional water control	Additional wastewater control	Total	RAG4 Ref
Third-party services - price control								
Non potable water (which are not bulk supplies) revenue	0.000	0.000			0.000	0.000	0.000	2P.1
Rechargeable revenue - Fluoridation	0.000	0.000			0.000	0.000	0.000	2P.2
Rechargeable revenue - Fire hydrant install & repair		6.619			0.000	0.000	6.619	2P.3
Rechargeable revenue - third party damage	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2P.4
Rechargeable revenue - build over	0.000	0.000	1.198	0.243	0.000	0.000	1.441	2P.5
Other rechargeable revenue	0.000	0.001	0.779	0.158	0.000	0.000	0.938	2P.6
Total third-party revenue (price control)	0.000	6.620	1.977	0.401	0.000	0.000	8.998	2P.7
Third-party services - non-price control								
Bulk supplies revenue	0.474	7.356	9.781	1.943	0.000	0.000	19.554	2P.8
Reservoir operating agreements revenue	0.000	0.000			0.000	0.000	0.000	2P.9
Other excluded charge revenue	0.037	0.578	1.681	0.340	0.000	0.000	2.636	2P.10
Total third-party revenue (non-price control)	0.511	7.934	11.462	2.283	0.000	0.000	22.190	2P.11
Third party services								
Total third-party services revenue	0.511	14.554	13.439	2.684	0.000	0.000	31.188	2P.12

Table 2Q

This table is not used.

Table 2R: Analysis of diversions income by price control for the 12 months ended 31 March 2026

This table provides analysis of diversions income by price control.

Additional narrative for this table

Refer to 2E for commentary.

Line description Units: £m	Income relating to opex spend	Income relating to capex spend	Total	RAG4 Ref
Diversion income - water resources (price control)				
s185 diversions income - water resources	0.000	0.000	0.000	2R.1
NRSWA diversions income - water resources	0.000	0.000	0.000	2R.2
Non-s185 diversions income - water resources	0.000	0.000	0.000	2R.3
Total diversions income - water resources	0.000	0.000	0.000	2R.4
Diversion income - water network+ (price control)				
s185 diversions income - water network+	0.992	1.134	2.126	2R.5
NRSWA diversions income - water network+	0.563	1.890	2.453	2R.6
Non-s185 diversions income - water network+	0.000	1.979	1.979	2R.7
Total diversions income - water network+	1.555	5.003	6.558	2R.8
Diversions income - wastewater network+ (price control)				
NRSWA diversions income - wastewater network+	0.358	0.842	1.200	2R.9
Non-s185 diversions income - wastewater network+	0.000	1.790	1.790	2R.10
Total diversions income - wastewater network+	0.358	2.632	2.990	2R.11
Diversions income - wastewater network+ (non-price control)				
s185 diversions income - wastewater network+	1.153	2.019	3.172	2R.12

Independent auditors' report on financial tables

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Thames Water Utilities Limited

Opinion

We have audited the tables within the Thames Water Utilities Limited's Annual Performance Report for the year ended March 2026 ("the Regulatory Accounting Statements") which comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (table 1E), the financial flows and for the price review to date (table 1F) and the related notes; and
- the regulatory price review and other segmental reporting tables comprising the segmental income statement (table 2A), the totex analysis - wholesale price controls (table 2B), the cost analysis for retail (table 2C), the historical cost analysis of tangible fixed assets (table 2D), the analysis of developer services income by price control (table 2E), residential retail (table 2F), the revenue analysis & wholesale control reconciliation (table 2I), the infrastructure charges reconciliation (table 2K), the analysis of land sales (table 2L), the revenue reconciliation - wholesale (table 2M), the household affordability support (table 2N), the historical cost analysis of intangible assets (table 2O), the third party services revenue (table 2P), the analysis of diversions income by price control (table 2R) and the related notes.

We have not audited the cash collection performance rates (table 2H), Outcome performance tables (3A to 3J), the additional regulatory information in tables 4A to 4AD, 5A, 6A to 6I, 7A to 7L, 8A to 8D, 9A, 11A to 11B and line-item 1F.10 and 1F.15.

In our opinion, Thames Water Utilities Limited's Regulatory Accounting Statements have been prepared, in all material respects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.10, RAG 2.10, RAG 3.16, RAG 4.14 and RAG 5.07) and the accounting policies set out on page 56.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law, except as stated in the section on Auditors' responsibilities for the audit of the Regulatory Accounting Statements below, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF (Revised) 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditors' report on financial tables cont'd

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Thames Water Utilities Limited (continued)

Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. As a result, the Regulatory Accounting Statements may not be suitable for another purpose. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes. Accordingly, we make no such assessment.

The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of UK adopted international accounting standards ("UK IASs"). Financial information other than that prepared on the basis of UK IASs does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements on pages 39 to 85 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from UK IASs. A summary of the effect of these departures in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of this matter.

Emphasis of matter – Material Uncertainty on Going Concern

In forming our opinion on the Regulatory Accounting Statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies within the Regulatory Accounting Statements concerning the Company's ability to continue as a going concern.

The principal matter giving rise to the material uncertainty is whether the Company will be able to extend its liquidity runway in order to deliver a recapitalisation transaction by way of a restructuring plan under Part 26A of the Companies Act 2006 ("RP2") successfully, either within 12 months from the date of approval of the Regulatory Accounting Statements or at all.

If a recapitalisation transaction by way of RP2 is not delivered, the Company would need to consider all options available to it at the time, but a possible consequence would be a special administration of the Company under the Water Industry Act 1991. The success of a recapitalisation transaction pursuant to RP2 is subject to uncertainties which are outside of the Company's control and which could crystallise in the very near term.

These conditions, along with the other matters explained in the accounting policies within the Regulatory Accounting Statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Regulatory Accounting Statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

In auditing the Regulatory Accounting Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate.

Independent auditors' report on financial tables cont'd

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Thames Water Utilities Limited (continued)

Emphasis of matter – Material Uncertainty on Going Concern (continued)

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding and evaluating the design and implementation of relevant controls related to the directors' assessment of going concern.
- Understanding and assessing the factors giving rise to the material uncertainty including assessing the actions available to the directors' on which they have based their assertion that they have a reasonable expectation that the group and Company has adequate resources to continue for a period of 12 months from the date of approval of the financial statements.
- Testing the mathematical integrity of the cash flow forecasts and the models supporting these forecasts and reconciling them to Board approved budgets and forecasts.
- Performing a comparison of budget versus actual results for the year ended 31 March 2026 and understanding where variances had arisen. Through this testing we informed our assessment regarding management's ability to forecast accurately.
- Evaluating the key assumptions management has applied in developing their base case. We challenged various aspects of management's base case including consideration of potential downside risks.
- Obtaining and understanding the terms of the Whole Business Securitisation and the Company's financing documentation, including the super senior financing documentation and the financial covenants that the Company is subject to.
- Performing inquiries with key stakeholders (from both within and outside of the Company) and reviewing correspondence with creditor representatives, regulators and advice from the Company's external legal counsel to corroborate management's position and assess whether there is any contradictory or additional evidence requiring disclosure within the basis of preparation.
- Engaging the use of experts including business restructuring experts to support us in understanding aspects of management's assessment and informing our challenges to management; and
- Assessing the appropriateness of the disclosures within the Regulatory Accounting Statements as disclosed in the accounting policies, relating to the material uncertainty on going concern.

Based on the work we have performed, we have identified a material uncertainty relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report on financial tables cont'd

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Thames Water Utilities Limited (continued)

Other information

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Regulatory Accounting Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

Responsibilities of the Directors for the Annual Performance Report

As explained more fully in the Statement of Directors' Responsibilities set out on page 153, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Regulatory Accounting Statements within the Annual Performance Report

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Regulatory Accounting Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditors' report on financial tables cont'd

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Thames Water Utilities Limited (continued)

Auditors' responsibilities for the Audit of the Regulatory Accounting Statements within the Annual Performance Report (continued)

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included Regulatory Accounting Guidelines as issued by the WRSA, UK Companies Act, pensions legislation, tax legislation etc; and
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Made enquiries of management, the internal audit function and external and internal legal counsel, of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluated management's controls designed to prevent and detect irregularities;
- Assessed the significant accounting estimates and judgments for indication of management bias;
- Identified journal entries throughout the year that met our fraud risk criteria and tested these;
- Reviewing minutes of meetings of those charged with governance and reviewing internal audit reports; and
- Incorporated elements of unpredictability into the audit procedures performed.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Instrument of Appointment granted by the Secretary of State for the Environment to the Company as a water and sewage undertaker under the Water Industry Act 1991 ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WSRA, for our audit work, for this report or for the opinions we have formed.

Independent auditors' report on financial tables cont'd

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Thames Water Utilities Limited (continued)

Use of this report (continued)

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2026 on which we reported on 14 July 2026, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

14 July 2026

Tables 3A-3K Performance commitments outcomes

Table 3A: Outcome performance - all performance commitments ('PCs')

Line description	Unit	Decimal places	Performance level - actual	PCL met? (Yes/No)	Out/under performance payment	Total 2025/30 out/under performance payment	RAG4 Ref
Common PCs - Water (Financial)							
Biodiversity	Biodiversity units gained	2	0.00	Yes	0.000	-0.010	3A.1
Business demand	3 yr average business demand (Ml/d)	1	8.7%	Yes	0.720	-6.700	3A.2
Compliance risk index (CRI)	Number	2	4.32	No	-6.780	-11.600	3A.3
Customer contacts about water quality	No. of customer contacts per 1000 population	2	0.42	Yes	0.730	3.100	3A.4
Discharge permit compliance	% compliance	2	88.22	No	-13.200	-62.400	3A.5
Greenhouse gas emissions (water)	% reduction in greenhouse gas emissions	2	-0.01	No	-0.510	-1.800	3A.6
Leakage	% reduction of 3 yr average leakage (Ml/d)	1	(A) 15.1%	No	-28.630	-304.300	3A.7
Repairs to burst mains	Number of mains repairs per 1,000km	1	195.5	Yes	13.452	77.800	3A.9
Per capita consumption	% reduction of 3 yr average PCC (l/person/d)	1	(A) 4.7%	No	-1.429	-1.429	3A.10
Serious pollution incidents	Number of serious pollution incidents	2	24	No	-35.810	-191.500	3A.12
Unplanned outage	% loss of company peak week production capacity	2	1.90%	Yes	1.710	6.000	3A.13
Water supply interruptions	average number of minutes lost per customer	0	00:11:12	No	-11.660	-26.700	3A.14
Common PCs - Wastewater (Financial)							
Bathing water quality	No. average bathing water quality score	1	44.3	Yes	1.210	1.200	3A.18
External sewer flooding	No. of incidents per 10,000 sewer connection	2	(A) 17.75	Yes	11.730	34.500	3A.19
Greenhouse gas emissions (wastewater)	% reduction in greenhouse gas emissions	2	-0.05	No	-3.560	-6.600	3A.20
Internal sewer flooding	No. of incidents per 10,000 sewer connection	2	(A) 1.43	Yes	3.850	11.900	3A.21
Sewer collapses	No. of sewer collapses per 1,000 km of all sewers	2	2.09	Yes	2.760	2.400	3A.22
Storm overflows	Average number of spills per storm overflow	2	17.94	Yes	2.157	-4.200	3A.23
Total pollution incidents	Pollution incidents per 10,000 km of sewer length	2	35.42	No	-28.083	-127.400	3A.24

Table 3A: Outcome performance - all performance commitments ('PCs') cont'd

Line description	Unit	Decimal places	Performance level - actual	PCL met? (Yes/No)	Out/under performance payment	Total 202/30 out/under performance payment	RAG4 Ref
Common PCs- Non-financial							
River water quality	% reduction of phosphorus emissions	2	-25.44%	Yes			3A.25
Bespoke PCs (Financial)							
Streetworks	No. of collaborative projects delivered [cumulative]	0	14	Yes	0.000	0.000	3A.31
Tideway PCs (Financial)							
Early handback of Tideway project land	Months	0	-12	Yes	0.390	1.950	3A.33
Systems acceptance incentive	Date	0	31/08/2027	Yes	0.000	0.000	3A.34
Tideway PCs (Non-financial)							
Effective stakeholder management	Average score	1	4.8	No			3A.35
Maximising value of Tideway project land sales	Total net profit / loss	1	0.0	Yes			3A.36
Financial water PCs achieved	%		42				3A.37
Financial wastewater PCs achieved	%		71				3A.38
Overall financial common PCs achieved (exc BR-MeX)	%		53				3A.39
Bespoke PCs achieved	%		80				3A.40

PricewaterhouseCoopers LLP ('PwC') conducted an independent limited assurance engagement on selected Subject Matter Information (shown with the symbol Ⓐ alongside the relevant PCs in Tables 3A and 3B) for the year ended 31 March 2026 in accordance with International Standard on Assurance Engagements 3000 (revised).

PwC's assurance opinion can be seen on page 147 in this document.

Note, we've manually corrected the formulae as the calculation in:
Line 3A.40 didn't include our Tideway PCs.
Line 3A.41 didn't include our Tideway non-financial PCs.

Table 3B: Underlying data - measures of experience performance commitments

Line description	Unit	Value	RAG4 Ref
Business customer and retailer measure of experience (BR-MeX)			
Annual customer satisfaction score for the Business customer contact survey (B-Mex)	Number	66.49	3B.4
Annual retailer satisfaction score for the Retailer experience survey (R-Mex)	Number	78.22	3B.5
Annual MPF Score	Number	95.43	3B.9
Annual BR-MeX score	Number	76.66	3B.7

Line description	Unit	Value	RAG4 Ref
Customer measure of experience (C-MeX)			
Annual customer satisfaction score for the customer service survey	Number	45.94	3B.8
Annual customer satisfaction score for the customer experience survey	Number	58.53	3B.9
Annual C-MeX score	Number	50.13	3B.10
Total household complaints	Number	122,798	3B.11
Total connected household properties	Number	6,206,608	3B.12
Total household complaints per 10,000 connections	Number	197.85	3B.13

Line description	Unit	Value	RAG4 Ref
Developer measure of experience (D-MeX)			
Developer satisfaction (small developers) qualitative component annual results	Number	61.80	3B.14
Developer satisfaction (large developers) qualitative component annual results	Number	67.46	3B.15
Quantitative component annual results	Number	98.47	3B.16
D-MeX score	Number	75.90	3B.17

Levels of service performance metrics (1 April to 31 March)	Unit	Reporting period	RAG4 Ref
D-MeX quantitative score (for the reporting period)	%	98.47%	3B.18

Our data tables are published in full on our website: https://www.thameswater.co.uk/about-us/performance/regulatory-library

Table 3B: Underlying data - measures of experience performance commitments

Levels of service performance metrics	Unit	Value	RAG4 Ref
Calculating the D-MeX quantitative component			
S1.1	%	98.57%	3B.W1
S3.1	%	100.00%	3B.W2
S4.1	%	100.00%	3B.W3
SN2.2	%	100.00%	3B.W4
SAM 3/1	%	100.00%	3B.W5
SAM 4/1	%	98.39%	3B.W6
W1.1	%	99.58%	3B.W7
W3.1	%	99.12%	3B.W8
W4.1	%	95.25%	3B.W9
W6.1	%	99.15%	3B.W10
W7.1	%	100.00%	3B.W11
W8.1	%	88.37%	3B.W12
W17.1	%	100.00%	3B.W13
W17.2	%	100.00%	3B.W14
W18.1	%	93.55%	3B.W15
WN1.1	%	99.80%	3B.W15
WN2.2	%	96.64%	3B.W17
WN4.1	%	100.00%	3B.W18
WN4.2	%	100.00%	3B.W18
WN4.3	%	100.00%	3B.W20
SLPM S2/2A	%	100.00%	3B.W21
SLPM S2/2B	%	100.00%	3B.W22
SLPM S3	%	97.28%	3B.W23
SLPM S1/2	%	98.31%	3B.W24
SLPM S4/1	%	94.87%	3B.W25

Levels of service performance metrics	Unit	Value	RAG4 Ref
Calculating the D-MeX quantitative component cont'd			
SLPM S5/1A	%	100.00%	3B.W26
SLPM S7/1	%	99.72%	3B.W27
	%		3B.W28
	%		3B.W29
	%		3B.W30
	%		3B.W31
	%		3B.W32
	%		3B.W33
	%		3B.W34
	%		3B.W35
	%		3B.W36
	%		3B.W37
	%		3B.W38
	%		3B.W39
	%		3B.W40
	%		3B.W41
	%		3B.W42
	%		3B.W43
	%		3B.W44
	%		3B.W45
	%		3B.W46
	%		3B.W47
	%		3B.W48
	%		3B.W49
	%		3B.W50

Our data tables are published in full on our website: https://www.thameswater.co.uk/about-us/performance/regulatory-library

Table 3C: Underlying calculations - customer experience common PCs

Line description	Unit	Standardising data indicator (thousands)	Standardising data numerical value	Performance level - actual (current reporting year)	Performance level - Calculated (i.e. standardised)	RAG4 Ref
Performance commitments set in standardised units						
Internal sewer flooding						
Internal sewer flooding - customer proactively reported	No. of internal sewer flooding incidents per 10,000 sewer connections	No. of sewer connections	6,243.01	845	1.35	3C.1
Internal sewer flooding - company reactively identified (i.e. neighbouring properties)			6,243.01	49	0.08	3C.2
Internal sewer flooding			6,243.01	894	1.43	3C.3
External sewer flooding						
External sewer flooding - customer proactively reported	No. of external sewer flooding incidents per 10,000 sewer connections	No. of sewer connections	6,243.01	10,653	17.06	3C.4
External sewer flooding - company reactively identified (i.e. neighbouring properties)			6,243.01	430	0.69	3C.5
External sewer flooding			6,243.01	11,083	17.75	3C.6
Customer contacts about water quality						
Customer contacts - taste and odour	No. of contacts per 1,000 resident population	Resident population	10,267.87	1,793.00	0.17	3C.7
Customer contacts - appearance			10,267.87	2,487.00	0.24	3C.8
Customer contacts about water quality			10,267.87	4,280.00	0.42	3C.9

Table 3C: Underlying calculations - customer experience common PCs cont'd

Line description	Unit	Standardising data indicator	Standardising data numerical value	Total minutes lost	Number of properties supply interrupted	Calculated performance level	RAG4 Ref
Water supply interruptions							
Water supply interruptions (≥3 hours)	Av. number of minutes lost per property per year	No. of properties (thousands)	05:00:58	01:53:46	91,252	00:11:12	3C.10
Water supply interruptions (≥6 hours)			05:00:58	11:36:58	35,288	00:07:47	3C.11
Water supply interruptions (≥12 hours)			05:00:58	10:26:24	15,424	00:05:25	3C.12
Water supply interruptions (≥24 hours)			05:00:58	14:58:34	6,727	00:03:16	3C.13

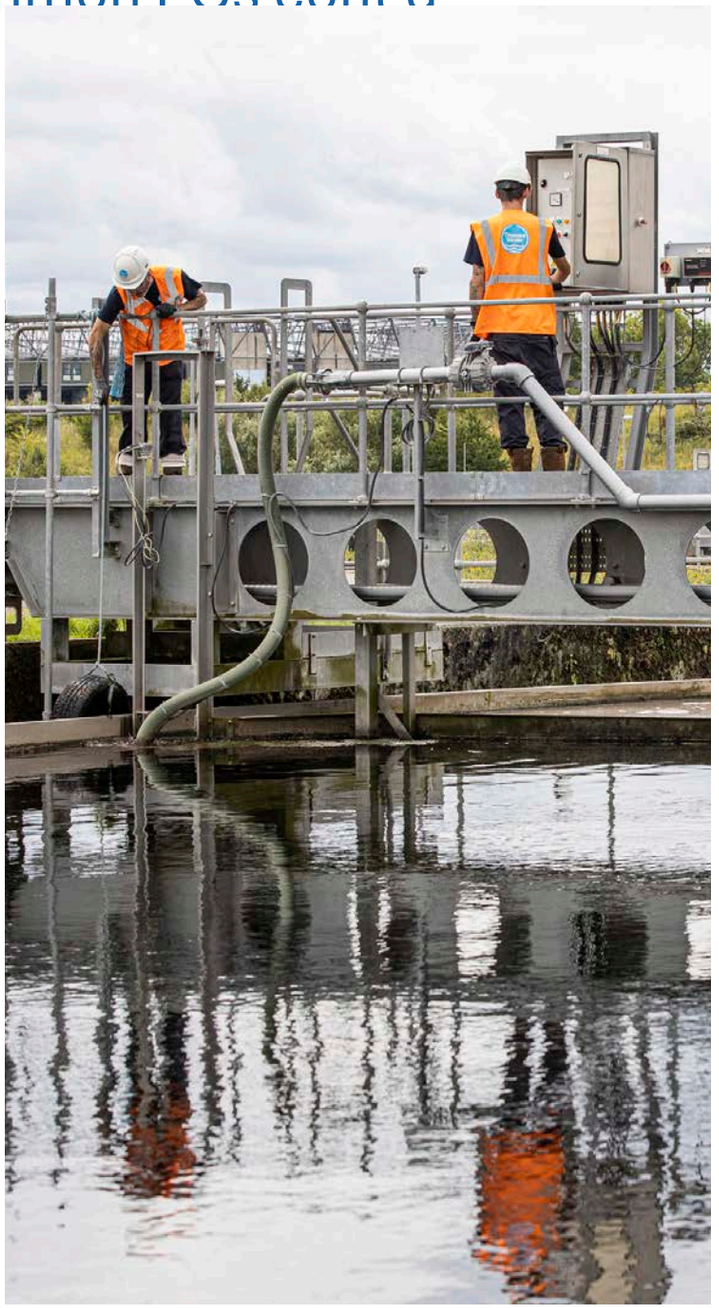


Table 3C: Underlying calculations - customer experience common PCs cont'd

Line description Unit: number	Performance level - Actual (current reporting year)	RAG4 Ref
Supplementary data - customer experience common performance commitments		
Internal sewer flooding		
Number of internal sewer flooding incidents with a root cause of hydraulic overloading	45	3C.14
Number of internal sewer flooding incidents with root cause of sewer blockage	800	3C.15
Number of internal sewer flooding incidents with root cause of sewer collapse	14	3C.16
Number of internal sewer flooding incidents with root cause of equipment failure	26	3C.17
Number of internal sewer flooding incidents with root cause not specified above	9	3C.18
Number of properties that have experienced more than one internal sewer flooding incident within the last year	51	3C.19
Total number of internal sewer flooding incidents arising from properties that have experienced more than one internal sewer flooding incident within the last year	114	3C.20
Number of properties that have experienced more than one internal sewer flooding incident within the last three years	245	3C.21
Total number of internal sewer flooding incidents arising from properties that have experienced more than one internal sewer flooding incident within the last three years	581	3C.22
Number of properties that have experienced more than one internal sewer flooding incident within the last five years	558	3C.23
Total number of internal sewer flooding incidents arising from properties that have experienced more than one internal sewer flooding incident within the last five year	1334	3C.24

Line description Unit: number	Performance level - Actual (current reporting year)	RAG4 Ref
Supplementary data - customer experience common performance commitments		
External sewer flooding		
Number of external sewer flooding incidents with a root cause of hydraulic overloading	463	3C.25
Number of external sewer flooding incidents with root cause of sewer blockage	10439	3C.26
Number of external sewer flooding incidents with root cause of sewer collapse	96	3C.27
Number of external sewer flooding incidents with root cause of equipment failure	75	3C.28
Number of external sewer flooding incidents with root cause not specified above	10	3C.29
Number of properties that have experienced more than one external sewer flooding incident within the last year	885	3C.30
Total number of external sewer flooding incidents arising from properties that have experienced more than one external sewer flooding incident within the last year	2135	3C.31
Number of properties that have experienced more than one external sewer flooding incident within the last three years	2224	3C.32
Total number of external sewer flooding incidents arising from properties that have experienced more than one external sewer flooding incident within the last three years	5735	3C.33
Number of properties that have experienced more than one external sewer flooding incident within the last five years	3403	3C.34
Total number of external sewer flooding incidents arising from properties that have experienced more than one external sewer flooding incident within the last five years	8902	3C.35

Table 3D: Underlying calculations/supplementary data- demand common PCs

Line description	Units	DPs	2017/18 baseline	2018/19 baseline	2019/20 baseline	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	RAG4 Ref
Leakage - company level													
Annual average leakage	Ml/d	1	698.3	692.8	627.6	570.4	569.1	573.7					3D.1
Three-year average leakage	Ml/d	1			672.9			571.1					3D.2
% reduction in 3 - year average leakage from 2019/20 baseline	%	1						15.1%					3D.3
Per capita consumption- company level													
Annual average PCC	l/h/d	1	145.2	146.4	144.1	138.2	137.8	139.2					3D.10
Three-year average PCC	l/h/d	1			145.2			138.4					3D.11
% reduction in 3 - year average PCC from 2019-20 baseline	%	1						4.7%					3D.12
Annual household consumption level	Ml/d	1						1,476.3					3D.13
Total household population	000s	3						10,606.2					3D.14

Table 3D: Underlying calculations/supplementary data- demand common PCs cont'd

Line description	Units	DPs	2017/18 baseline	2018/19 baseline	2019/20 baseline	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	RAG4 Ref
Business demand - company level - performance													
Annual average business demand (incl. voids)	Ml/d	1	487.6	492.9	477.1	445.2	439.7	446.2					3D.25
Three-year average business demand (incl. voids)	Ml/d	1			485.9			443.7					3D.26
% reduction in 3 - year average business demand from 2019-20 baseline (incl. voids)	%	1						8.7%					3D.27
Annual average business consumption (excl. voids)	Ml/d	1						429.5					3D.28
Annual average business voids consumption	Ml/d	1						16.7					3D.29
Business demand - company level - annual changes													
Annual average business demand (incl. voids) variance of reporting year from previous year	Ml/d	1						6.5					3D.30
Increase in business demand in reporting year due to new business demand (new supply points).	Ml/d	1						1.9					3D.31
Changes in existing business demand (existing supply points) in reporting year compared to previous year	Ml/d	1						27.9					3D.32

Table 3E: Underlying calculations/supplementary data- environmental common PCs

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual (current reporting year)	Performance level - Calculated (i.e. standardised)	RAG4 Ref
Serious pollution incidents						
Number of serious pollution incidents (water)	Number			1	1	3E.1
Number of serious pollution incidents (wastewater)				23	23	3E.2
Number of serious pollution incidents				24	24	3E.3
Total pollution incidents						
Pollution incidents - category 1 (wastewater)	incidents per 10,000 km of sewer length	Sewer length in km	108,980	1	0.09	3E.4
Pollution incidents - category 2 (wastewater)			108,980	21	1.93	3E.5
Pollution incidents - category 3 (wastewater)			108,980	364	33.40	3E.6
Pollution incidents - dry day spills			108,980	0	0.00	3E.7
Pollution incidents - Total (wastewater)			108,980	386	35.42	3E.8
Storm overflows						
Total number of monitored spills	Number			9176		3E.9
Total number of storm overflows	Number			580		3E.10
Uptime	% EDM uptime			97.88		3E.11
Average number of spills per overflow - monitored	Number				15.82	3E.12
Unmonitored storm overflows adjustment	Number				2.12	3E.13
Average number of spills per overflow - with unmonitored adjustment	Number				17.94	3E.14

Table 3E: Underlying calculations/supplementary data- environmental PCs contd

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual (current reporting year)	Performance level - Calculated (i.e. standardised)	PC definition weighting	RAG4 Ref
Bathing water quality							
Number of 'poor' bathing waters	Bathing water quality score	No. of bathing sites		1	0.0	0	3E.15
Number of 'sufficient' bathing waters				1	0.3	0.33	3E.16
Number of 'good' bathing waters				0	0.0	0.66	3E.17
Number of 'excellent' bathing waters				1	1.0	1	3E.18
Bathing water quality		Total no. of bathing sites	3		44.3		3E.19

Line description	Unit	Standardising data indicator	Standardising data numerical value	Baseline	Current reporting year	Performance level - Net change	Performance level - Calculated (i.e. standardised)	RAG4 Ref
Biodiversity								
Biodiversity net change - area	Net change in biodiversity per 100km^2	Company land area (100km^2)	21,762.44	0.00	0.00	0.00	0.00	3E.20
Biodiversity net change - hedgerow			21,762.44	0.00	0.00	0.00	0.00	3E.21
Biodiversity net change - river			21,762.44	0.00	0.00	0.00	0.00	3E.22
Biodiversity net change - total			21,762.44	0.00	0.00	0.00	0.00	3E.23
River water quality								
Phosphorus emitted from treatment works that had a phosphorus limit for the latest calendar year.	% reduction in phosphorus emissions	2020 baseline	572,949.60	641,124.79	495,364.33	-145,760.45	-25.4%	3E.24
Phosphorus prevented from entering rivers from partnership working			572,949.60	0.00	0.00	0.00	0.0%	3E.25
Reduction in phosphorus			572,949.60	641,124.79	495,364.33	-145,760.45	-25.4%	3E.26

Table 3E: Underlying calculations/supplementary data- environmental PCs contd

Operational greenhouse gas emissions (water)

Line Description Unit: tCO2e	Actual tCO2e	RAG4 Ref
Scope one emissions		
Direct emissions from burning of fossil fuels (location-based)	2,146.16	3E.27
Process and fugitive emissions (including refrigerants)	264.41	3E.28
Emissions from vehicle transport (owned or leased)	8,092.77	3E.29
Emissions from land	0.00	3E.30
Total scope one emissions	10,503.34	3E.31
Scope two emissions		
Purchased electricity (location-based)	96,012.17	3E.32
Purchased heat	0.00	3E.33
Electric vehicles	0.00	3E.34
Removal of electricity to charge electric vehicles	0.00	3E.35
Total scope two emissions	96,012.17	3E.36
Scope 3 emissions		
Business travel on public transport and private vehicles used for company business	412.41	3E.37
Outsourced activities	8356.76	3E.38
Purchased electricity: extraction, production, transmission and distribution (location based)	33846.05	3E.39
Purchased heat: extraction, production, transmission and distribution	0.00	3E.40
Purchased fuels: extraction, production, transmission and distribution	2397.85	3E.41
Chemicals	31176.22	3E.42
Total scope three emissions	76189.29	3E.43

Line Description Unit: tCO2e	Actual tCO2e	RAG4 Ref
Emission reductions		
Exported renewables (generated onsite and exported)	97.25	3E.44
Exported biomethane (generated onsite and exported)	0.00	3E.45
Insets	0.00	3E.46
Total emissions reductions	97.25	3E.47
Baseline tCO2e (2024-2025)	179919.07	3E.48
Gross emissions	182704.80	3E.49
Net emissions	182607.55	3E.50
Percentage reduction from 2024/25 baseline (tonnes CO2e)	-0.01	3E.51
Emissions by base expenditure	182607.55	3E.52
Emissions by enhancement expenditure	0.00	3E.53
Emissions by net zero enhancement scheme	0.00	3E.54

Table 3E: Underlying calculations/supplementary data- environmental PCs contd

Operational greenhouse gas emissions (wastewater)

Line Description Unit: tCO2e	Actual tCO2e	RAG4 Ref
Scope one emissions		
Direct emissions from burning of fossil fuels (location-based)	21,645.10	3E.55
Process and fugitive emissions (including refrigerants)	194,772.06	3E.56
Emissions from vehicle transport (owned or leased)	11,832.86	3E.57
Emissions from land	0.00	3E.58
Total scope one emissions	228,250.02	3E.59
Scope two emissions		
Purchased electricity (location-based)	84,031.06	3E.60
Purchased heat	0.00	3E.61
Electric vehicles	0.00	3E.62
Removal of electricity to charge electric vehicles	0.00	3E.63
Total scope two emissions	84,031.06	3E.64
Scope 3 emissions		
Business travel public transport/ private vehicles used for company business	864.31	3E.65
Outsourced activities	15,743.40	3E.66
Purchased electricity: extraction, production, transmission and distribution (location based)	29,622.49	3E.67
Purchased heat: extraction, production, transmission and distribution	0.00	3E.68
Purchased fuels: extraction, production, transmission and distribution	6,954.33	3E.69
Chemicals	20,713.55	3E.70
Disposal of waste	40,329.51	3E.71
Total scope three emissions	114,227.59	3E.72

Line Description Unit: tCO2e	Actual tCO2e	RAG4 Ref
Emission reductions		
Exported renewables (generated onsite and exported)	2,815.40	3E.73
Exported biomethane (generated onsite and exported)	9,398.03	3E.74
Insets	0.00	3E.75
Total emissions reductions	12,213.42	3E.76
Baseline tCO2e (2024-2025)	395,336.33	E.77
Gross emissions	426,508.67	3E.78
Net emissions	414,295.25	3E.79
Percentage reduction from 2024/25 baseline (tonnes CO2e)	-0.05	3E.80
Emissions by base expenditure	414,295.25	3E.81
Emissions by enhancement expenditure	0.00	3E.82
Emissions by net zero enhancement scheme	0.00	3E.83

Table 3E: Underlying calculations/supplementary data- environmental PCs contd

Additional supplementary data - environmental common performance

Line description	Unit	Performance level - Actual (current reporting year)	RAG4 Ref
Storm overflows			
Average spills per overflow performance assuming 100% monitoring	Average spills per storm overflow	16.16	3E.84
Spills under verified trial conditions	Total spills - number	0.00	3E.85
Spills outside of verified trial conditions	Total spills - number	9,176.00	3E.86

Line description	Storm overflow name	WINEP ID	SOAP ID	Months valid trial in operation during reporting year	Number of spills (under verified trial conditions)	Number of spills included in the PR24 PCL	Total number of spills associated with NBS trials (outside of PR24 forecast performance)	RAG4 Ref
Storm overflows - wetland trial information								
Trial overflow information - trial site 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3E.87
Trial overflow information - trial site 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3E.88
Trial overflow information - trial site 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3E.89
Trial overflow information - trial site 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3E.90
Trial overflow information - trial site 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3E.91

Table 3F: Underlying calculations/supplementary data- asset health common PCs

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated (i.e. standardised)	RAG4 Ref
Repairs to burst mains						
Mains repairs - Reactive	Mains repairs per 1,000km	Mains length in km	32,088.2	4,593	143.1	3F.1
Mains repairs - Proactive	Mains repairs per 1,000km		32,088.2	1,681	52.4	3F.2
Mains repairs	Mains repairs per 1,000km mains length		32,088.2	6,274	195.5	3F.3

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated (i.e. standardised)	RAG4 Ref
Sewer collapses						
Sewer collapses	No.of sewer collapses per 1,000km of all sewers	Sewer length in km	109,476	229	2.09	3F.4

Line description	Unit	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %	RAG4 Ref
Unplanned outages					
Unplanned outage	% loss of company peak week production capacity	3,263.65	61.86	1.90%	3F.5

Table 3G: Underlying calculations- compliance based common PCs

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated (i.e. standardised)	RAG4 Ref
Discharge permit compliance						
Discharge permit compliance (water)	% permit compliance	Number of numeric discharge permits (water)	34	1	97.06	3G.1
Discharge permit compliance (wastewater)		Number of numeric discharge permits (wastewater)	348	44	87.36	3G.2
Discharge permit compliance		Number of numeric discharge permits (total)	382	45	88.22	3G.3
Compliance risk index						
Water treatment works compliance risk index score	Number			3.63		3G.4
Service reservoirs compliance risk index score	Number			0.03		3G.5
Bulk supply points compliance risk index score	Number			0.00		3G.6
Customer zones compliance risk index score	Number			0.65		3G.7
Compliance risk index	Number				4.32	3G.8

Table 3H: Underlying calculations and supplementary data- bespoke PCs

Line description	Units	DPs	Constant	2025/26	2026-27	2027-28	2028-29	2029-30	RAG4 Ref
Streetworks collaboration									
Number of collaborative projects delivered	Number	0		14					3H.34
Number of collaborative projects delivered (cumulative)	Number	0		14					3H.35

Table 3I: Underlying calculations - Tideway performance commitments

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated	RAG4 Ref
Effective stakeholder engagement						
Average score of stakeholder responses	Average score			4.8	4.8	3I.1
Systems acceptance incentive						
Acceptance date	Months	Planned System Acceptance Date	31/08/2027	31/08/2027	31/08/2027	3I.2
Maximising the value of Tideway project land sales						
Plot 1	Net profit or loss	Baseline value	-	-	0.0	3I.P1
Plot 2			-	-	0.0	3I.P2
Plot 3			-	-	0.0	3I.P3
Plot 4			-	-	0.0	3I.P4
Plot 5			-	-	0.0	3I.P5
Plot 6			-	-	0.0	3I.P6
Plot 7			-	-	0.0	3I.P7
Plot 8			-	-	0.0	3I.P8
Plot 9			-	-	0.0	3I.P9
Plot 10			-	-	0.0	3I.P10
Managing early handback of Tideway project land						
Project land 1	Months	Target date	04/04/2025	-3	-3	3I.H1
Project land 2			04/04/2025	-3	-3	3I.H2
Project land 3			30/09/2025	-3	-3	3I.H3
Project land 4			30/01/2026	-3	-3	3I.H4

We've anonymised information in lines 3I.P1 to 3I.H4 as they contains commercially sensitive information.

Table 3J: We do not use this table as it is only for Welsh companies.

Additional information: Tables 4A to 11B

Additional information: Tables 4A to 11B

Table 4A: Bulk supply information for the 12 months ended 31 March 2026

There is no additional commentary.

Table 4B: Analysis of debt

Additional notes on our assumptions

- Where commitment fees or margin are based on a credit rating grid, information included in the table reflects the percentage which is currently applicable as at 31 March 2026.
- 2058 and 2060 maturity swaps each constitute three restructured transactions; the table shows the combined position.
- Foreign currency debt is shown after incorporating the impact of cross currency swap, hence such swaps are not included in the table. These swaps would fall under swap category C. Cross currency swaps are Super Senior.
- Where margin is variable, a weighted average is shown.
- The fair value of all receive legs and pay legs of the relevant swap should be added together to calculate the total fair value of the swap.
- Issuance cost includes the Total Issuance Cost at Inception when the debt was issued.
- Bank overdraft as at 31 March 2026 reflects the impact of committed external payments where cash settlement occurred on 1 April 2026.
- On column 1 “Instrument”, debt instruments that are partially swapped include suffix “(S)” for the split which has been swapped and suffix “(NS)” for the split which has not been swapped and both parts have been reported separately.
- On 25 February 2025, all debts had their maturity dates extended by two years, and all RCF facilities were cancelled or, if they remain in place, extended by two years with the conditions for any rollover of loans deemed to be automatically satisfied during the Stable Platform Period. However, the maturity dates will revert back to original maturities if the Group meets investment grade with two rating agencies, amongst other requirements. There is significant judgement on when the Group will meet investment grade and therefore the maturity dates in the table above reflect the original maturity date, except for those debt instruments which had maturity between 25 February 2025 and 31 March 2026, where maturity is shown with two-year extension. The two year extension applies to amortisations as well. The two year extension doesn’t apply to leases, consent fee debt and super senior debt. Revolving Credit Facilities are shown as extended but may flip back. The average maturity calculation is distorted due to information on this paragraph.
- These are new leases in the current financial period.
- Terms of the lease end date changed to reflect that the lease will end per the lease agreement. Previously the lease end date was based on the disposal of the property.
- Leases are not secured and are subordinated.
- All the swaps have a break date at 31 Dec 2028 (if not investment grade) and 1 April 2030 (depending on structure of a future recapitalisation), except Consent Fee Derivatives.
- All floating loans categorised as Loan (non-EIB), can be repaid early without penalty.
- Effective interest rate has been calculated using formula based on Ofwat guideline RAG 4.14 and using nominal rate as calculated on table 4B.

Additional information: Tables 4A to 11B

Table 4C: Actual expenditure against cost allowances by cost sharing rate

Standard base

Water resources:

We are reporting Water Resources expenditure £34.5 million higher than the FD Allowance.

We faced a drought scenario in AR26, with the south-east region experiencing one of the driest springs in nearly 130 years. As a result, the business incurred significant additional incremental costs for hiring of additional pumps (with the associated energy required), drought permits and media campaigns raising awareness amongst customers.

We have also seen an acceleration in our base capital programme vs AR25 as we continue to deliver reservoir activity and our renewals programme (+40% year on year)

Water network plus

In water network plus, we are reporting in-year Base expenditure £38.4 million below our allowances excluding disallowable costs.

The base capital maintenance programme is significantly ramping up in AMP8, and therefore this variance is largely timing with the programme including more than doubling our Mains Replacement programme in AMP8 compared to AMP7 to deliver c. 550km of mains replacement (with 87.7km replaced in AR26 and planning to deliver 110km in AR27).

We continue to advance our leakage programme seeking to deliver reductions in leakage, with AR26 being impacted by increased outbreaks driven by the dry spring/summer and resulting soil moisture deficits.

We continue to invest both in proactive activities, including improving the responsiveness of our “Find & Fix” activity, investing in new technologies such as satellites and AI, and increasing the number of acoustic sensors on our network, to help us locate more leaks.

Our operating expenditure has come under sustained pressure, with costs for chemical and energy prices continuing to increase at levels above those assumed in the final determination.

We’ve overspentagainst allowances within the wastewater network plus control for the year. However, delivery momentum has accelerated since the previous year, and we have reprofiled our final determination in line with the agreed Holistic Compliance Plan.

We have made meaningful progress in delivering outputs under the Water Industry National Environment Programme (‘WINEP’). However, inflationary pressures - particularly across construction delivery - have significantly exceeded expectations and the allowances set out in the PR24 FD. As outlined in our PR24 plan and FD, many AMP7 WINEP outputs will now be delivered in AMP8, and we remain fully committed to completing these schemes as swiftly and efficiently as possible.

In line with our commitment to environmental performance, investment in historic Sewage Treatment Works (‘STW’) compliance and pollution reduction has been prioritised and will continue to form part of our AMP8 programme.

Operating expenditure has also come under sustained pressure, with costs for chemicals, energy and labour all exceeding FD assumptions, reflecting broader market dynamics and sector-wide challenges.

Bioresources:

Overspending reflects ongoing strategic investment focused on enhancing energy self-generation capacity across our operations. These investments not only support our environmental sustainability objectives but also strengthen long-term operational efficiency.

Aligned with our turnaround strategy, we continue to prioritise planned capital maintenance over reactive interventions, supporting reliability, reducing future risk, and securing efficient delivery over the AMP.

Business rates and Abstraction charges and discharge consents

These are generally in line with FD.

Standard enhancement

The variance on TTT (our additional wastewater price control) is mainly due to land sales, which is included as a negative number in the FD but no land sales have occurred during the period.

The variances within Standard Enhancements largely offset each other due to projects being at different stages of delivery. For example, in wholesale water, accelerated spending on metering projects is partially offset by underspends on the £500 million Asset Improvements programme. In wholesale wastewater, the underspend is mainly driven by project-specific delivery and timing factors, including one project that is still progressing through the purpose code approval process to meet Ofwat requirements of £52.3 million.

Additional information: Tables 4A to 11B cont'd

25:25 enhancement

This includes programmes of work for growth at sewage treatment works at Didcot, addressing the Industrial Emissions Directive and large gated schemes including SEMD. The variances are due to scope variation and timing of the projects.

40:10 enhancement

These projects are currently underspending, primarily as this is the first year of AMP.

SRO – use it or lose it

The increase in Year 1 is in part a response to RAPID's request to accelerate funding to derisk, and if possible, advance delivery. It's also the result of a more robust forecast directly informed by partner organizations' experience and capability. This includes early acquisition of land, or options to increase activity. Commercial model development continues to support early contractor involvement and interested party procurement, ensuring stakeholder support and strong market engagement.

Totex not subject to cost sharing

Variances are mainly due to pension deficit recovery payments (2B.10) of £170.5 million and disallowable costs in 4C.3 of £141.1 million. The costs incurred should not be borne by customers under an enforcement undertaking, have been appropriately removed from cost subject to cost sharing in Table 4C.

Variances grouping: Where there is underspend, we assign it to timing and for overspend we assign it to efficiency. For certain items such as SRO, TTT where we have clear evidence of timing differences, we put it under timing. We have highlighted in the 4C narrative that our system does not track the exact spend if it's due to timing or efficiency very well and we have applied judgment as needed.

Line 36 Actual Totex

We've included the following PR24 FD enhanced engagement schemes and PR24 FD large gated schemes. Large gated schemes:

- SEMD (except alternative water) included in 4L.128: £14.4 million;
- Crypto included in 4L.99: £6.1 million; and
- Beckton SPG replacement included in 4K: £1.6 million.

Enhanced engagement schemes: Didcot included in 4M.140 (£0.6 million) and Rye Meads growth included in 4M.66 (£1.3 million).

These amounts have been removed from line 4C.25 to reflect the operation of the cost sharing mechanism.

Table 4D: Totex analysis for the 12 months ended 31 March 2026– water resources and water network+

This table provides information about the cost of different activities undertaken as part of delivering upstream services with a breakdown of the total expenditure for carrying out the supply of water services.

Table 4E: Totex analysis for the 12 months ended 31 March 2026– wholesale wastewater

This table provides information about the cost of different activities undertaken as part of delivering upstream services with a breakdown of the total expenditure for carrying out the supply of sewerage services.

Atypical expenditure in tables 4D and 4E

Information about our exceptional, atypical and disallowable costs can be found in our section on other financial disclosures.

Table 4F: Major project capital expenditure for wholesale water by purpose for the 12 months ended 31 March 2026

This table shows wholesale water major projects' operating and capital expenditure split by purpose category. There is no additional commentary for this table.

Table 4G: Major project expenditure for wholesale wastewater by purpose for the 12 months ended 31 March 2026

This table shows wholesale wastewater major projects' operating and capital expenditure split by purpose category. No spend is disclosed in this table as there are no waste-related projects within Thames Water that meet Ofwat's definition of 'major projects'.

Additional information: Tables 4A to 11B cont'd

Table 4H: Financial metrics for the 12 months ended 31 March 2026

As disclosed in Table 1F, the calculation of RoRE includes other exceptional items relating to land sales, pollution fines and customer compensation claims.

	£ million
Net interest paid (1D.10)	-851.361
Income included in net interest paid but should be added back for the interest cover	
Interest received on Money market deposits	-26.011
Other finance income	-0.381
Cost included in the net interest paid but should be reduced for the interest cover	
Interest cost relating to pension	1.124
Facility non-recurring fees	1.810
Other finance cost	0.569
Exceptional debt restructuring costs	140.451
Net interest paid	-733.799

Table 4I: Financial derivatives

This table provides an analysis of our portfolio of financial derivatives.

Additional notes on our assumptions

Interest rate payable and receivable for floating leg of derivatives has been determined using the 31 March 2026 Sterling Overnight Interbank Average ('Sonia') rate plus relevant margins.

Instruments which change from "fixed to index linked" to "floating to index linked" during their life have been classified according to their interest rate characteristics as at 31 March 2026.

Mark to Market is presented from Thames Water's perspective.

Out-of-the money (liability) positions are presented as positive and in-the-money (asset) positions are presented as negative. The interest rate in column 'interest rate payable/ receivable' for index-linked debt uses a denominator net of accretion paydowns, whilst the accretion element of the interest rate comes from a larger notional (due to accretion paydowns of £847.6 million).

The total mark-to-market figure in Table 4I excludes

- FX element of the principal of swaps which hedge foreign currency debt;
- Accretion on inflation-linked swaps; and
- Accrued interest on swaps.

The figures in Table 4V have been presented on the same basis, as stated in 4.79 of the guidelines.

Fair value reconciliation of table 4B to table 4I

	£ millions
Fair value of swaps as per Table 4B	1,508.205
Add	
Fair value of cross currency swaps included in debt lines fair value figure as foreign currency debt is shown post swap	-48.467
Less	
Accretion on Swaps	-1,234.013
FX on cross currency Swaps	0.197
Fair value of swaps per table 4I and 1C	297.922

Table 4J: Base expenditure analysis for the 12 months ended 31 March 2026 - Water wholesale

This table shows our base expenditure for wholesale water split by cost categories.

Water Efficiency Lab allocation for the reporting year is £1.1million and Water Efficiency Campaign is £3.2 million The fund did not officially launch until May 2026, so no collections have taken place.

Line description Units: £ millions	2025/26
Allowed	
Allocated Water Efficiency Fund revenue collection by PR24	4.315
Revenue collected for the purposes of the Water Efficiency Fund	
Actual Water Efficiency Fund income drawn down from customers	1.078
Total amount transferred to the delivery partner as part of the Water Efficiency Campaign	3.237

Table 4K: Base expenditure analysis for the 12 months ended 31 March 2026 - Water wholesale

This table shows our base expenditure for wholesale wastewater split by cost categories. There is no additional commentary.

Additional information: Tables 4A to 11B cont'd

Table 4L: Enhancement expenditure for the 12 months ended 31 March 2026 - water resources and water network+

This table shows our enhancement expenditure for wholesale water split by cost categories.

4L Table Line	4L Figure £ millions	6D Figure £ millions	Variance £ millions	Bulk Metering £ millions Not in 6D	Reclassification Adjustment £ millions	Overhead Applied £ millions
4L.60	32.985	26.799	6.186		2.855	3.332
4L.63	50.887	31.907	18.980	9.408	4.401	5.171
4L.66	0.183	0.149	0.034		0.016	0.019
4L.69	28.646	23.274	5.373		2.479	2.893
4L.72						
4L.75	0.904	0.735	0.17		0.078	0.019
4L.78	10.726	8.715	2.012		0.929	1.083
4L.81						
4L.84	0.751	0.609	0.141		0.065	0.076
Total					10.823	12.631

Supply and demand

Leakage improvements relate to the Calm Systems programme and pressure management schemes, which are designed to deliver a sustained reduction in leakage across the network. The programme is currently under review to optimise delivery, maximise benefits in our water-stressed areas, and support operational performance across the network. Following completion of the review, the programme is expected to be reprofiled to align with the revised delivery strategy and anticipated benefits.

For supply demand balance starting from 2031, the variance relates to the Teddington Direct River Abstraction ('TDRA') scheme. There is a risk that the forecast benefits date will be deferred from 2031 to 2035. The TDRA design is being refined to reduce delivery risk and protect operations at Mogden Sewage Treatment Works. This has included reviewing shaft locations, tunnel alignments, and the location of the TTP. We will consult with RAPID on the proposed design changes.

Further commentary on programme progress and deliverables is provided under Table 6D and 6F.

Total supply demand expenditure is £190.8 million compared with FD of £119.3million in actual prices. The difference of £71million is mainly due to SRO.

Since PR24 FD, the SRO project and portfolio forecasts have continued to mature resulting in both re-phasing of spend and some scope/cost adjustments. This responds, in part, to RAPID's request for companies to ensure appropriate resource is committed to the development phase of SROs, to derisk delivery. As a result, latest forecasts show expenditure brought forward from Year 5 contingent allocation to earlier years – and this is focused on de-risking delivery of Teddington Direct River Abstraction ('DRA') and South East Strategic Reservoir Option ('SESRO') projects.

Metering totex is £60.5m higher than the FD due to the accelerated plan.

The metering figures reported in 4L and 6D do not align due to an adjustment of £10.8million, which has been apportioned across the 4L Metering Capex lines (4L.60-4L.87) based on their relative weighting within the overall metering profile.

This adjustment includes £0.5million relating to tail spend associated with the close-out of AMP7 WRMP metering expenditure, alongside a statutory reclassification of £10.8million transferring metering stock from inventory to Assets Under Construction ('AUC').

This is the result of a review of the accounting treatment of TWUL inventory balances that determined that items reported under metering stock should actually be capitalised as part of property, plant and equipment ('PPE') as they are purchased specifically for use in capital projects and are intended to be installed as integral components of those projects.'

The remaining variance is attributable to a corporate overhead adjustment (of £12.7million which is included in 4L but not in 6D) being applied across the 4L lines.

Additional information: Tables 4A to 11B cont'd

Summary:

- 4L.60 is £6.2million higher than 6D.1 due to a combination of corporate overheads of £3.4m that is shown only in 4L as well as the reclassification adjustment mentioned above of £2.9m.
- 4L.63 is £19.0million higher than 6D.2 due to a combination of corporate overheads of £5.2m that is shown in 4L as well as the reclassification adjustment mentioned above of £4.4million. We have also included bulk metering cost of £9.4million which accounts for the remaining difference between the two tables.
- 4L.66 is slightly higher than 6D.3 due to a combination of corporate overheads shown only in 4L as well as the reclassification adjustment mentioned above.
- The total of 4L.69 and 4L.72 is £5.4million higher than 6D.6 due to a combination of corporate overheads of £2.9m that is shown only in 4L as well as the reclassification adjustment mentioned above of £2.5million.
- 4L.75 is £0.2million higher than 6D.7 due to a combination of corporate overheads of £0.1 million that is shown only in 4L as well as the reclassification adjustment mentioned above of £0.1million.
- The total of 4L.78 and 4L.81 is £2.0million higher than 6D.8 due to a corporate overhead adjustment £1.1million that is shown only in 4L as well as the reclassification adjustment mentioned above of £1.0million.
- 4L.84 is £0.1million higher than 6D.9 due to corporate overhead adjustment of £0.1million that is shown only in 4L as well as the reclassification adjustment mentioned above of £0.1million.

The narrative has rounding differences to 1 decimal places.

The following additional lines have been included:

- Additional Line 1 - PR19 WINEP7 Close - expenditure associated with the completion of the WINEP7 programme.
- Additional line 2 – Asset Improvement £500m – refers to the allowance for the expenditure within the Gated Asset Health process to address our asset deficit.
- Additional Line 3 – LWICA - to complete works replacing or renewing trunk mains and distribution mains that were funded in PR19 Final Determination as part of the London Water Infrastructure Conditional Allowance ('LWICA').

Table 4M: Enhancement expenditure for the 12 months ended 31 March 2026 - wastewater network+ and bioresources

This table shows our enhancement expenditure for wholesale wastewater split by cost categories.

Additional narrative on our enhancement expenditure

The following additional lines have been included:

- Additional Line 1 - PR19 WINEP7 Close – expenditure associated with the completion of the WINEP7 programme.
- Additional line 2 – Asset Improvement £500m – refers to the allowance for the expenditure within the Gated Asset Health process to address our asset deficit.
- Additional Line 3 – STW Growth £250m – expenditure to enhance the performance at several sewage treatment works due to growth.
- Additional Line 4 - TTT - Relates to set of projects contributing to Thames Tideway Tunnel.

Conditional allowances in columns 4L and 4M are allocated based on Ofwat allowances. Where the Ofwat documentation does not specify a split, internal data has been applied to derive the allocation.

No costs have been proportionally allocated between expenditure categories in table 4L and 4M between enhancement and base expenditure.

Table 4N: Site-specific developer services expenditure for the 12 months ended 31 March 2026 - network+

This table shows our developer services expenditure for wholesale water and waste networks split by cost categories.

Capital expenditure reported in this table includes asset payments made to self-lay providers and developers. These relate to work quoted under Charging Arrangements prior to April 2020 where the Discounted Aggregate Deficit ('DAD') model was used to determine the value of Thames Water contributions to these schemes.

This table excludes the fair value of adopted assets.

Opex includes expenditure for site specific developer services, excluding network reinforcement and diversions.

Table 4O: Diversions expenditure for the 12 months ended 31 March 2026 - network+

This table shows our developer services Capex and opex expenditure for wholesale water and waste split by diversion category.

This table excludes the fair value of adopted assets.

Additional information: Tables 4A to 11B cont'd

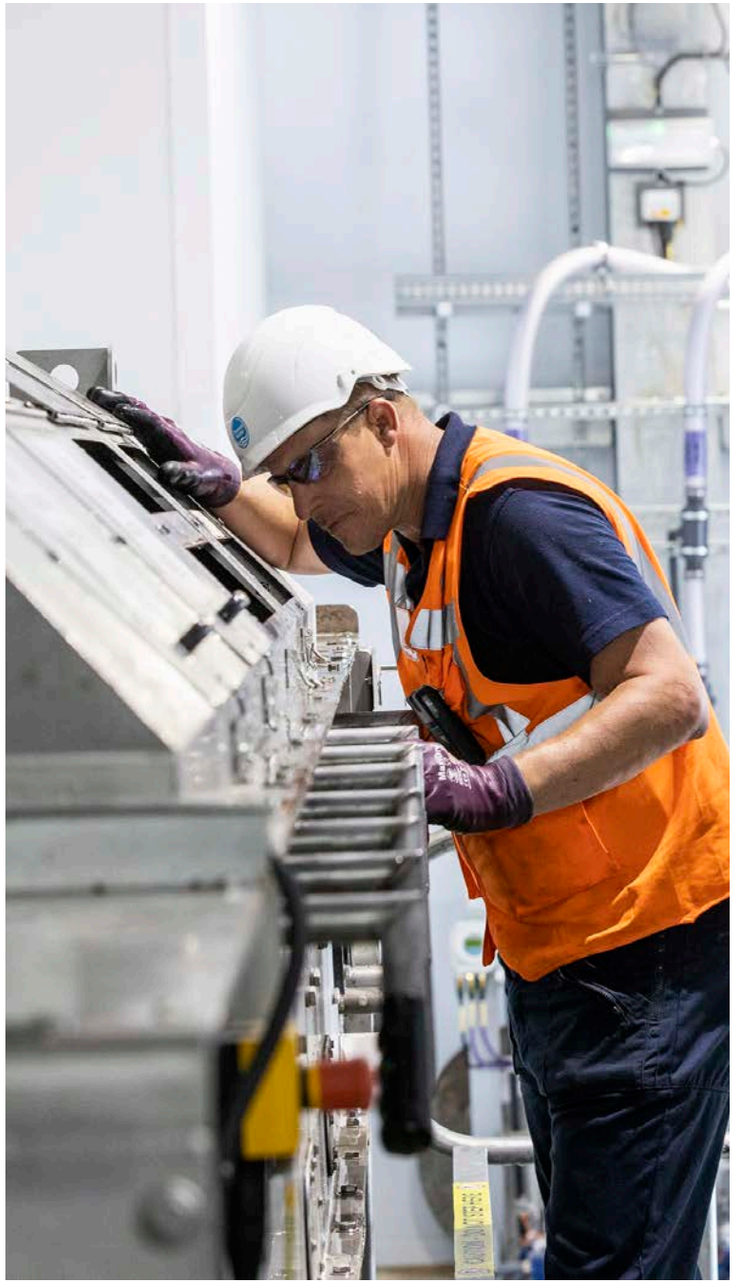


Table 4P: Infrastructure network reinforcement projects for the 2025-30 period

The expected site in Surrey is not currently being developed so two schemes have slipped from our current AMP8 forecast.

We're progressing a scheme to meet the demand of new developments in our region. However, this scheme is currently allocated 70% to network reinforcement due to a change in scope impacted by the third party delays. We're awaiting confirmation of the developer timescales, so these schemes are not included at this time pending further clarity of requirements in AMP8.

Two other schemes are undergoing further solution investigation and modelling to define the solutions and currently we expect these to slip into AMP9.

We have several other schemes forecast for delivery in AMP8 that were not on the PCD list. A number of these were carried over from AMP7, for which we had made a general slippage allowance in our PR24 submission rather than named schemes.

There are also four schemes which were in our PR24 plan, but costs have now increased and they are over £5.0 million, based on the latest view of foreseeable developments.

Demand modelling of the largest new development in Oxfordshire has confirmed full reinforcement is required between two treatment works and therefore this scheme has been added as AMP8 network reinforcement.

The two other schemes in Oxfordshire are both in early stages of design, however due to an increase in new developments in these areas, the costs are expected to increase as optioneering progresses.

Table 4Q: Developer services – New connections, properties and mains

Prior AMP understatement

During 2025/26, we identified that our self-lay connection volume had been understated in AMP7. As this volume should have been recognised financially last AMP by way of fair value entries, we've adjusted for it this year.

For consistency, we've aligned table 4Q to the financial recognition by including 4,426 connections and 4,582 properties that weren't reported in any APR table last AMP.

Lines 9-10: Property volumes - new appointees

We've assumed that all new appointee ('NAV') properties relate to "sites that require new mains" as we supply a bulk connection to the NAV site. As we don't carry out the connection activity within the NAV site, we don't hold this information related to the specific connections.

Additional information: Tables 4A to 11B cont'd

Table 4R: Connected properties, customers and population

We use different calculation methods for our water and wastewater populations.

We consider both approaches to be appropriate and reflect the different challenges that we face in calculating these populations.

Line 28: resident population (water)

Our resident population has increased from 10,646,477 to 10,710,015 which is an increase of 0.6%.

We calculate our residential population from our household billing data by multiplying our connected properties by an averaged occupancy rate derived from 2017 to 2020 reported population. We then add an estimated non-household population to give the total resident population.

This approach uses our own best available data and is similar to the way London borough councils have derived their own populations using their own data.

Line 28: resident population (wastewater)

Our resident population has increased from 16,027,378 to 16,363,976 an increase of 2.10%.

We calculate our residential population by taking Ordnance Survey property counts (at the lowest level geographical area for ONS statistics, containing between 40 to 250 households) and multiplying them by the Average Household Size ('AVHH') as reported by Census 2021.

Our wastewater resident population includes allowances for:

- authorised migrants: including those under the Homes for Ukraine, Afghan resettlement scheme and supported asylum. The data is reported by the Home Office;
- unauthorised migrants: people living in the UK without valid permission under immigration law. The estimate is based on research by the Pew Research Centre;
- short-term residents: people living in the UK for more than 3 months but less than 12 months. Our estimate based on pre-COVID-19 levels; and
- non household (communal): population living in places that provide managed residential accommodation with some level of supervision e.g. Care homes and prisons. The estimate is based on the census 2021.

Line 29: non-resident population (wastewater)

Our non-resident population has increased from 379,045 to 596,945 an increase of 57.49%

We've used the most up to date data reported by Visit Britain which shows that tourism has now largely returned to pre COVID-19 levels, hence the significant increase on last year. Our wastewater non-resident population includes allowances for:

- non-residential population estimate: based on the most up to date data reported by Visit Britain which shows that tourism has now largely returned to pre COVID-19 levels, hence the significant increase;
- domestic night visitors: total number of nights spent in each region of the UK by domestic tourists is reported in the Great Britain Tourism Survey. The Local Authorities within each region are mapped using ONS data and the percentage of population in each Local Authority within the Thames Water area has been used to apportion the appropriate total; and
- international night visitors: total number of nights spent in each town/ city of the UK by international tourists is reported in the International Passenger Survey. The allocations for towns and cities within the Thames Water area are totalled to give an overall estimate.

Lines 30-32: Water household population data

Our household population has increased from10,542,634 to 10,606,171, an increase of 0.60%.

Even though our total household population has increased, we've seen a drop in our unmeasured population and corresponding increase in our measured population.

The growth in our measured population can be attributed to new measured properties, properties opting to pay by measured charges and properties moved to measured charges as part of the progressive metering programme.

Our unmeasured household population has decreased from 4,063,307 to 3,820,405 a decrease of 5.98%. The drop in our unmeasured population is consistent with the previous year's reduction.

Tables 4S-4U

These tables are not reported.

Additional information: Tables 4A to 11B cont'd

Table 4V: Mark-to-market of financial derivatives analysed based on payment dates

The total mark-to-market figures in Table 4V have been presented on the same basis as in Table 4I, as stated in point 4.79 of the guidelines. The total mark-to-market figure excludes:

- The FX element of the principal of swaps which hedge foreign currency debt;
- Accretion on inflation-linked swaps; and
- Accrued interest on swaps.

These adjustments have been implemented as follows:

- The FX element has been adjusted on the foreign currency leg of the cross currency swap;
- Accretion has been applied to the pay leg of the inflation-linked swaps; and
- Accrued interest has been adjusted on the gross settled outflows or inflows as relevant for the cross currency swaps, for other swaps these have been adjusted on the net settled section.

Cross currency swaps

All settled on a gross basis, with the credit adjustment element of the mark-to-market either applied to the receive leg to reduce the market value receivable or to the pay leg to reduce the market value owed, depending on signage.

Interest rate swaps

Interest payment dates may not match in every case between pay leg and receive leg, but there is no final principal exchange at maturity. Our valuation system includes a principal exchange at maturity in reporting the valuation of each leg, which nets out in the overall mark-to market value. For this reason, we present all of our interest rate swaps as settled on a net basis.

Index-linked swaps:

Interest payment dates may not match in every case between pay leg and receive leg, but there is no final principal exchange at maturity aside from the payment of inflation accretion. Our valuation system includes a principal exchange at maturity in reporting the valuation of each leg, which nets out in the overall mark-to-market value. For this reason we present all of our index-linked swaps as settled on a Net Basis.

Out-of-the money (liability) positions are presented as positive and in-the-money (asset) positions are presented as negative.

All the swaps (except currency swaps) have a break date at 31 Dec 2028 (if not investment grade) and 1 April 2030 (depending on structure of a future recapitalisation), except Consent Fee Derivatives.

Table 4W: Defined benefit pension scheme – additional information

There is no additional commentary for this table.

Tables 4X-4Y

These tables are not reported.

Additional information: Tables 4A to 11B cont'd

Table 4Z: Household bill reduction schemes, debt, Guaranteed Standards Scheme ('GSS') payments and Priority Service Register data

Line A6: Extra support scheme

Our other household affordability scheme supported with funding from customers is the Extra Support Scheme, where customers are targeted by using Credit Reference Agency data for customers in financial difficulty.

Line C3 Total number of unique household customers receiving GSS payments

The detail requested in this line is not something that we currently hold within our systems and it is unlikely that we would ever be able to provide a return for this line with a high degree of confidence.

The reason for this is that we have a sizable number of customers for whom we provide services but who we do not bill directly, such as those billed by other water companies or tenants whose bills are paid by a landlord or managing agent. Our systems containing data used for identifying unique households will therefore be incomplete.

This is further complicated as postal addresses that may be used by customers do not always match data within our systems.

We will continue to investigate ways of capturing this data.

Table 4AA: Third party services water expenditure for the 12 months ended 31 March 2026

Fire hydrants repair and maintenance

Revenue for fire hydrant charges is based on the completion of inspection, maintenance, or installation works carried out in line with BS750 FH specification and the relevant Fire Service purchase order.

For London Fire Brigade, an invoice would be raised at any point once the completion notification has been sent. For the remaining ten Fire Services, the team would perform inspection to ensure the work meets the standard before issuing an invoice.

Billable activities include hydrant installation/exchange, repairs and repacks, chamber adjustments/releases, cover and frame replacements, marker post works, chamber cleaning and testing, locating hydrants, and abortive visits.

Expenditure relating to fire hydrant installation and repair is reported within Table 4AA as third party services, where costs are incurred by the business and subsequently recharged to third parties.

In line with the Regulatory Accounting Guidelines (RAG 3), only costs that are directly attributable to activities undertaken on behalf of third parties are included within this category. These activities include, but are not limited to, hydrant installation, replacement, repair works, isolator switch installation, and associated street works and line stop activities.

The reported costs are derived from an activity based costing ('ABC') methodology, which identifies and attributes costs to specific hydrant related activities. This approach ensures that costs such as labour, materials, street works charges and associated overheads are appropriately captured and aligned to the underlying services performed.

Costs are split between operating expenditure (opex) and capital expenditure (capex) based on the nature of the activity. Routine repair and maintenance activities are classified as opex, while installation or replacement activities that meet capitalisation criteria are classified as capex.

Information on hydrant installations, replacements.

During the reporting period, a total of 2,539 orders were processed relating to fire hydrant activities, with 1,708 capitalised. This included 194 hydrants installed in new locations and 272 hydrants replaced.

Information on the use of isolator switches

This is not currently captured within the financial reporting systems used for APR preparation. This information is held operationally and may be subject to further development for future reporting.

All costs are reported on a gross basis and are not netted against associated recharge income, which is reported separately in Table 2P. Costs not meeting the definition of third party rechargeable expenditure are excluded and reported within core operational expenditure in Table 4J where appropriate.

Table 4AB: Third party services wastewater expenditure for the 12 months ended 31 March 2026

There is no additional commentary for this table.

Additional information: Tables 4A to 11B cont'd

There are practical challenges to collating tables 4AC and 4AD, especially around operating expenditure, We've over 750,000 records of work order operations on our water and wastewater above ground assets in the last 10 years and our cost allocation process doesn't reflect the full costs incurred e.g. mobilisation costs, travel time and assessment time.

In addition, our capital programmes reporting isn't designed to capture expenditure by specific asset types.

Table 4AC: Base expenditure analysis for the 12 months ended 31 March 2026 - water asset refurbishment and replacement

Assumptions and approach

This table has been populated on a "best endeavours" basis.

Information extracted from our corporate records (i.e. work orders, financial and fixed asset register) has been used to identify in-scope activities and linked to assign costs and volumes to asset categories.

We've used the assumptions, including:

- excluding assets where there is insufficient evidence to conclude whether they meet the criteria for disclosure in the table;
- classifying an activity as a replacement where whole assets are renewed as supported by SAP equipment records;
- classifying remaining qualifying activity as a refurbishment, unless clearly out of scope; and
- treating all costs as capital costs using proxy measures, where necessary, to apportion costs.

Table 4AD: Base expenditure analysis for the 12 months ended 31 March 2026 - water asset refurbishment and replacement

Assumptions and approach

See table 4AC narrative above.

Additional information: Tables 4A to 11B cont'd

Average pumping head calculations

This year, we've implemented a number of data analysis improvements driven by an external review that we commissioned. We are now in line with best practice for assessing APH.

The measured percentage will look significantly lower than last year, as we're now only counting measured data from the current reporting year; any historic data from our flow monitoring system has been reclassified.

Our calculations use the average of available historical trend data from our monitoring systems (SCADA and PI). Where this is not available, head can be inferred using the difference between the relevant sites in our geographic information system ('GIS'). For any remaining gaps, the head is inferred using averages by site type and size.

Table 5A: Water resources asset and volume data for the 12 months ended 31 March 2026

Line 30: Water WINEP

This is a nil return as nothing has been delivered in the year.

Table 6A: Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2026

Line 6: Average pumping head ~ raw water transport

Our raw water transportation has increased from 4.85 m.hd in 2024/25 to 13.89 m.hd in 2025/26, This is due to:

- Improved abstraction management i.e. lessons learnt from the 2022 drought (especially in west London) enabling greater raw water volumes to be transferred and stored;
- Increased proportion of flow data derived from AORTA ('Area, Obsruction, Resistance, Time and Aortic pressure') data recorded during the reporting year; and
- An AORTA data tag review improving data accuracy.

Table 6B: Base expenditure analysis for the 12 months ended 31 March 2026 - water asset refurbishment and replacement

Line 35: Total annual leakage

The narrative for this line can be found in the Leakage PC.

Table 6C: Water network+ - Mains, communication pipes and other data for the 12 months ended 31 March 2026

Line 3: Length of potable mains renewed

Due to the focus in the guidance on condition grading the pipes according to the number of bursts, we are no longer reporting diversions by developer services in this number as this activity is not driven by bursts.

Line 23: Number of lead communication pipes replaced or relined for water quality

Our lead communication pipe replacement programme is covered by PCDW15. We'll provide a full reconciliation as part of our Delivery Plan submission.

Additional information: Tables 4A to 11B cont'd

Table 6D: Demand management - metering and leakage activities for the 12 months ended 31 March 2026

Smart meter strategy

Our smart metering programme strategy is to install smart meters in our optant, selective, replacement, bulk and mini bulk programmes.

These meters can be read in Automatic Meter Reading ('AMR') or Advanced Meter Infrastructure ('AMI') modes when Local Communications Equipment ('LCE') is installed, in areas of fixed network coverage, or by Narrow Band Internet of Things ('NBIoT') in AMI mode outside of fixed network coverage areas.

All meters installed are classified as 'smart' based on the definition outlined by Ofwat.

Lines 1-5 and 10-18: new metering activities

Our smart metering programme is also reported in our delivery plan ('DP') under PCDW12.

We'll perform a full reconciliation of these lines to our DP when we make our DP submission in August 2026.

Lines 29-30: measured and unmeasured per capita consumption

These lines are calculated fields, and both reflect per household consumption rather than per capita consumption. As a result, they're not comparable with our per capita consumption performance commitment or their equivalent lines in AMP7 (table 6D 24 and 25).

Lines 19-24: benefits delivered

The smart meters allow us to receive a daily profile of either 15 minute or hourly read data. This rich source of data allows us to better understand water usage in our supply area and identify leakage and wastage, enabling us to work with customers to help reduce demand and leakage.

Variance against our Business Plan

In 2025/26, we exceeded our Business Plan target for the installation of household meters by 17%, but delivered marginally fewer non-household meters than our target.

In terms of total meter installations, we installed 34,254 more meters than our target.

Variance against our Water Resources Management Plan ('WRMP') forecast

In 2025/26, we exceeded our WRMP forecast for installation of both household and non- household meters.

In terms of total meter installations, we installed 35,746 more meters than our target.

Our smart metering roll out has delivered significantly higher installation volumes than forecast for AR26 as we accelerated our programme for earlier delivery of leakage and demand reduction benefits.

We've seen unprecedented customer demand for optant meters.

Table showing delivery against our targets

Residential meters installed	APR26	WRMP 25/26	Business Plan
New optant meters installed for existing customers (6D.10)	36,558	-	13,004
New selective meters installed for existing customers (6D.11)	62,931	71,016	56,812
Residential meters renewed (6D.13)	145,772	129,098	138,898
Residential meters installed	245,261	200,114	208,714
New business meters for existing customers (6D.12)	368	-	-
Business meters renewed (6D.14)	24,488	22,657	25,657
Total meters installed (excluding bulk meters)	270,117	222,771	234,371

Additional information: Tables 4A to 11B cont'd

Table 6E: Leakage activity

There is no additional commentary for this table.

Table 6F: WRMP annual reporting on delivery - excluding leakage and metering activities

Reconciliation to table 4L

In 22/23 prices, the total capex of lines reported on 6F for the year 25/26 is £61.100m.

To compare against 4L we rebase to 25/26 prices. Which makes the total capex of lines on 6F for the year 25/26 to be £69.081m.

The £69.081m includes £51.040m on Teddington Direct River Abstraction (J698). This is reported on 4L.56.

The remaining total on 6F is £18.040m. This is £6.0m below the total of 4L.41, 4L.44, 4L.50, and 4L.53 (£24.040m).

This variance relates to investment in improving the supply and demand balance which is not part of the WRMP programme.

Reconciliation to our Delivery Plan

Our water supply and demand balance programme is covered by PCDW11a. Due to timing differences, we are not able to perform a full reconciliation for this APR. This will be completed as part of the Delivery Plan submission.

Apportionment of costs

In year and forecast costs are taken from our project management system using the project codes for WRMP projects.

Historic data is taken from previous APR submissions. These were populated using the same method as above.

Didcot Power Station Licence Trading

This year, we've extended the licence transfer agreement at Didcot that will be in place until 2030.

The benefit has been reduced by 6% following updates in our deployable outputs methodology in WRMP24 where we now exclude demand savings.

Supply-side improvement delivering benefits in the current price control

The Managed Aquifer Recharge scheme remains on target for delivery, despite facing considerable cost pressures.

Borehole drilling is progressing well for the Groundwater development scheme. However, the complexity of managing the risk around ensuring suitable run to waste facilities has put the project at risk of late delivery.

Four options have been confirmed for delivery of the additional 18 Ml/d requested as part of the final determination of our Business Plan. These replace the original set of options set out in WRMP24. These are expected to deliver a total of 17.9 Ml/d against the target of 18.06 Ml/d, due to limitations in our ability to meet the exact target whilst prioritising the best value schemes in the most stressed water supply zones.

We expect to return a small proportion of the funding unless the realised benefits are greater than expected, or we see additional supply benefits from other resilience projects also in delivery. Currently we have grouped the benefit realisation date across these projects, but we are targeting early delivery of some of the smaller schemes.

Supply demand balance improvements delivering benefits starting in the next price control

There is a risk the benefits date for Direct River Abstraction will be deferred to 2035. The design is being refined to reduce delivery risk and protect operations at a London Sewage Treatment works. This has included a review of shaft locations, tunnel alignments and the position of the TTP. We will be consulting with RAPID on the proposed changes.

Internal interconnectors delivering benefits in the current price control period

Our interconnector is on target with completion and commissioning planned for later in the year.

Additional information: Tables 4A to 11B cont'd

Household demand-side improvements delivering benefits in 2025-2030 (excluding leakage and metering)

Digital Engagement Tool

We've started our Customer Consumption Engagement project which aims to give customers a clear, personalised view of their household water use (compared over time and against similar homes) within our online account management ('OAM'), supported by targeted messaging, so they better understand their consumption.

The messaging will focus on alerting customers with continuous flows and nudging them to take action. We'll be delivering this solution in a phased approach.

The solution is currently under development with the initial phase utilising existing infrastructure to support a test and learn approach planned for 2026/27.

Green Redeem

We've successfully increased activity with this programme in 25/26, with work carried out to open access to non-smart metered customers, increased recruitment activity, and background changes to enable future growth of the scheme.

The Privacy and Electronic Communications Regulation ('PECR') ruling on data protection laws, requiring greater levels of customer consent and restrictions on material deemed as 'marketing', impacts our ability to reach a wider audience for the scheme.

We've also carried out a research study on the water savings achieved by scheme members, and this validated our WRMP assumptions and previous studies, giving confidence that this activity will deliver favourable savings as it grows.

Household Innovation and Tariffs

The scheme being delivered under household water efficiency innovation is 'Smart CSL', a scheme which reduces wastage/internal continuous flow.

This workstream uses smart meter data to understand if a property has continuous flow which indicates that a leak is present. Where the continuous flow is 10 l/h or above, we contact the customer to make them aware that they have continuous flow, the potential bill impact and options for their leak to be resolved.

A proportion of customers will make use of our free leak detection service to help locate the leak. By exception, we may also provide support to customers in resolving their leakage issue.

The smart meter data is used to track the continuous flow and whether the leakage issue has been resolved. Where the leak has been fully resolved, we will report on the full reduction in continuous flow. If the continuous flow has reduced by more than 40%, we will report on the % reduction of continuous flow.

As the meter data does not tell if the leak is internal or external to the property, data from prior studies is used to forecast the volume that is a supply pipe leak (external leakage) vs demand reduction (internal leakage).

Smarter Home visits

Smarter Home Visit ('SHV') activity increased to over 11,000 visits in 2025-26, in line with WRMP expectations.

This 130% increase in delivery was a challenge to achieve within the first year, and we slightly under-delivered on visits. However, this will not impact our total AMP8 delivery, as we will increase delivery in 26/27 to make up this small shortfall.

SHVs continued to be targeted at high-use households (over 500 litres per property per day) using smart meter data to select and recruit applicable households. We use smart meter data to assist with targeting high use households and maximising the demand reductions achieved per SHV, plus continuous flow data to initiate targeted engagement for both wastage self-fixes and Customer-Side Leakage ('CSL') action.

SHVs continue to support vulnerable customers, with 12% of visits in 25/26 attracting Priority Service Register sign-ups.

Household Wastage Fix

Our wastage fix programme continued to complement the delivery of SHV, with 9% of visits resulting in a free wastage fix.

The type of fix and level of savings have remained consistent with delivery in AMP7, with meaningful savings achieved. We continue to monitor and analyse savings, including shadow reporting of measured wastage savings using smart meter data. We intend to incorporate these measured savings into standard reporting in future years.

We've also gained a significant body of evidence around leaky loos, which we routinely share with regulators, industry and trade bodies, the manufacturing industry and product certification bodies to help inform activities aiming to address the UK's 'leaky loo' issue.

Additional information: Tables 4A to 11B cont'd

Non-Household ('NHH') demand-side improvements delivering benefits in 2025-2030 (excluding leakage and metering)

NHH internal continuous flow fixes

Our continuous flow notification activity has now become a core project to drive down unnecessary water demand.

We continue to work with all retailers to communicate the existence of continuous flow on non-household smart meters and during 2025/26 we sent out nearly 15,000 letters encouraging the business to investigate and self-fix any issues they find.

As a result of this lettering process, we reduced continuous flow by 11 Ml/d across the year, more than double our 5 Ml/d target. Where continuous flow volumes remain unfixed by the notification process, we use this data to help target our Smarter Business Visits and/or leakage investigations.

NHH retail activity

We continue to offer our Water Efficiency Incentive for Business Retailers, which rewards retailers financially for delivering water savings on their customers' premises. Despite the increased payment terms and the simplification of the evidence form, we still find it difficult to generate interest in this scheme from retailers.

Insight from all our NHH activities is shared with Ofwat, Market Operator Services Limited ('MOSL') and retailers to inform future retail market regulation and engagement in bilateral arrangements.

We continue to work proactively with external suppliers of new technology and identify customer engagement opportunities. These can lead to small pilots and trials to inform future water efficiency programmes. In parallel to sharing these results with other water companies through the Water Efficiency Network, we will use these trials to expand our innovation activity into later AMPs.

Smarter Business Visits

Our Smarter Business Visits ('SBV') activity continues to be very effective for demand reduction.

This activity continued at the enhanced level of activity seen in 2024/25 to continue to assist with reducing leakage, and to maximise the use of continuous flow data in non-household premises. This programme targeted a wide variety of commercial users across our network, including schools, leisure centres, and sports stadiums, with the aim of achieving 10 Ml/d savings in-year. This target was met, and demand reduction and leakage sub-benefits were achieved in a highly cost-effective manner.

In addition, the programme was relocated to target businesses in areas where we had supply and demand constraints during hot weather. This activity ensured that we increased our security of supply during times of water stress.

Additional information: Tables 4A to 11B cont'd

Table 7A: Wastewater network+ - Functional expenditure for the 12 months ended 31 March 2026

There is no additional commentary for this table.

Table 7B: Wastewater network+ - large sewage treatment works for the 12 months ended 31 March 2026

There is no additional commentary for this table.

Table 7C: Wastewater network+ - sewer and volume data for the 12 months ended 31 March 2026

Line 13: Volume of wastewater receiving treatment at sewage treatment works

We don't include an estimate of the sites with a population equivalent less than 250. However, these are thought to represent 0.1% of our total flow.

Line 15: Length of rising mains replaced or structurally refurbished

Our interpretation of "structurally refurbished" is that it is intended to capture any pipeline rehabilitation technique which results in an improvement in the structural integrity of the pipe such that its expected service life has been materially extended.

Table 7D: Wastewater network+ - sewage treatment works data for the 12 months ended 31 March 2026

Lines 17 to 20: Current population equivalents served by STWs with updated consents

All our solutions are capex driven (i.e. none are driven by opex).

Table 7E: Wastewater network+ - other data including energy consumption and scheme delivery for the 12 months ended 31 March 2026

We've followed the guidance to align Table 7E with the totex in Table 4M, where requested in RAG4.

However, where we have AMP7 carry over projects, these can be found on the specific lines in 4M, rather than those specified in RAG4, to differentiate from the AMP8 projects. This carry over has been included in table 7E.

Our WINEP and growth programme is covered by a number of PCDs. Due to timing differences, we are not able to perform a full reconciliation for this APR. This will be done as part of the Delivery Plan submission.

Additional information: Tables 4A to 11B cont'd

Data included in tables 7F to 7K

- These tables contain data relating to our AMP8 programme. To align with the delivery plan, we've excluded any AMP7 carry over data.
- Our WINEP and growth programme is covered by a number of PCDs. Due to timing differences, we are not able to perform a full reconciliation for this APR. This will be done as part of the Delivery Plan submission.
- This reconciliation will also be required for tables 4P and 6F.

Reporting of Opex

- Information on Opex per site is not currently captured within the financial reporting system used for APR preparation. We have used total value per scheme and divided by the number of sites.
- We will be looking to incorporate cost driver allocation information into our budget and forecast process.
- The Opex data used for each scheme are based on Intergrated Business planning data. The nature of the forecast is that it is highly judgemental and subject to a number of factors such as weather.

Table 7F: Wastewater network+ - WINEP / NEP phosphorus removal scheme costs and cost drivers

We've followed the guidance to align Table 7F with the totals in Table 4M, where requested in RAG4. However, where we have AMP7 carry over projects, these can be found on the specific lines in 4M for carry over to differentiate from the AMP8 projects.

Method used to apportion or estimate costs

Scheme lists for Table 7F are derived directly from PR24 business plan data tables (mapped to CWW19) and reflect AMP8 WINEP programme scope only, ensuring consistency with approved regulatory submissions.

Scheme status is sourced from SAP stage gate data (March 2026 extract), using actual milestone dates where available and forecast dates otherwise. Internal stage gates are mapped to Ofwat interim milestones to provide a consistent view of delivery status. The majority of schemes remain at early delivery stages, reflecting the first year of AMP8.

Capex is reported at scheme level in 2022/23 price base and includes historic, current year actuals and forward forecasts. Data is sourced from SAC financial systems and the April 2026 PCD Delivery Plan, with outturn values converted using CPIH. Costs are mapped to schemes using project and purpose codes, with proportional allocation applied where schemes deliver multiple drivers. Overheads are allocated based on spend share, and known mapping issues to Table 4M have been resolved through manual review. There are currently no schemes that include both phosphorus and total nitrogen drivers, and therefore no apportionment has been required for this submission.

Our headline figures are AMP8 Capex of £1,064.26m, with £268.76m beyond 2029–30 (Total £1,333.02m).

Population Equivalent ('PE')

Population equivalent values are aligned to Table 7D, using historic APR data and DWMP-based forecasts applied to the 2025/26 baseline. The "After 2029–30" column is assumed to represent 2030/31 values, ensuring no double counting of design capacity.

Site-Specific Phosphorus Permits

Permit data includes both baseline and future tightened limits, sourced from internal permit records and the WINEP 8 tracker. Data is validated across systems, with any discrepancies resolved through SME review to ensure completeness and consistency.

Catchment-Based Interventions

There are currently no catchment-based phosphorus interventions included within this table.

Other Cost Drivers

Cost drivers are populated via direct lookup from PR24 data tables, with the assumption that these values remain unchanged during 2025/26. There are no transfer pipelines or flow applicable for these schemes. All relevant data fields have been populated based on available PR24 and internal datasets. Where fields are not applicable, this reflects the absence of a relevant driver rather than missing data.

Additional information: Tables 4A to 11B cont'd

Table 7G: Wastewater network+ - WINEP / NEP sanitary parameters scheme costs and cost drivers

Schemes, Status & Capex

Scheme lists are derived from PR24 ADD17 datasets, aligned to centrally defined scheme identifiers. There are currently no schemes within Table 7G classified as green recovery schemes, AMP9 accelerated delivery schemes or transitional schemes incurring spend from 2028–29. All reported schemes relate to AMP8 WINEP delivery.

Scheme status is sourced from SAP stage gate data (March 2026), mapped to Ofwat milestones. The majority of schemes remain early stage, with a small number progressing to later stages.

Capex is reported in 2022/23 price base, combining actuals and forecasts from SAC financial systems and the PCDs in the Delivery Plan. Costs are mapped using project and purpose codes, with proportional allocation applied where schemes deliver multiple outputs. Overheads are redistributed based on spend, with manual adjustments applied to ensure alignment with Table 4M.

Our headline figures are AMP8 Capex of £128.74m, with £7.54m beyond 2029–30 (Total £136.28m).

Population Equivalent (PE)

Population equivalent values are aligned to Table 7D and derived from historic APR data and DWMP forecasts applied to the baseline.

Site-Specific Sanitary Parameter Permits

Permit data includes historic and enhanced limits for BOD, ammonia and suspended solids, sourced from internal records and the WINEP tracker. Data is validated across systems to ensure consistency and completeness. There are currently no stretch targets beyond regulatory permit requirements included within this table; all enhanced limits reflect obligations defined within the WINEP programme

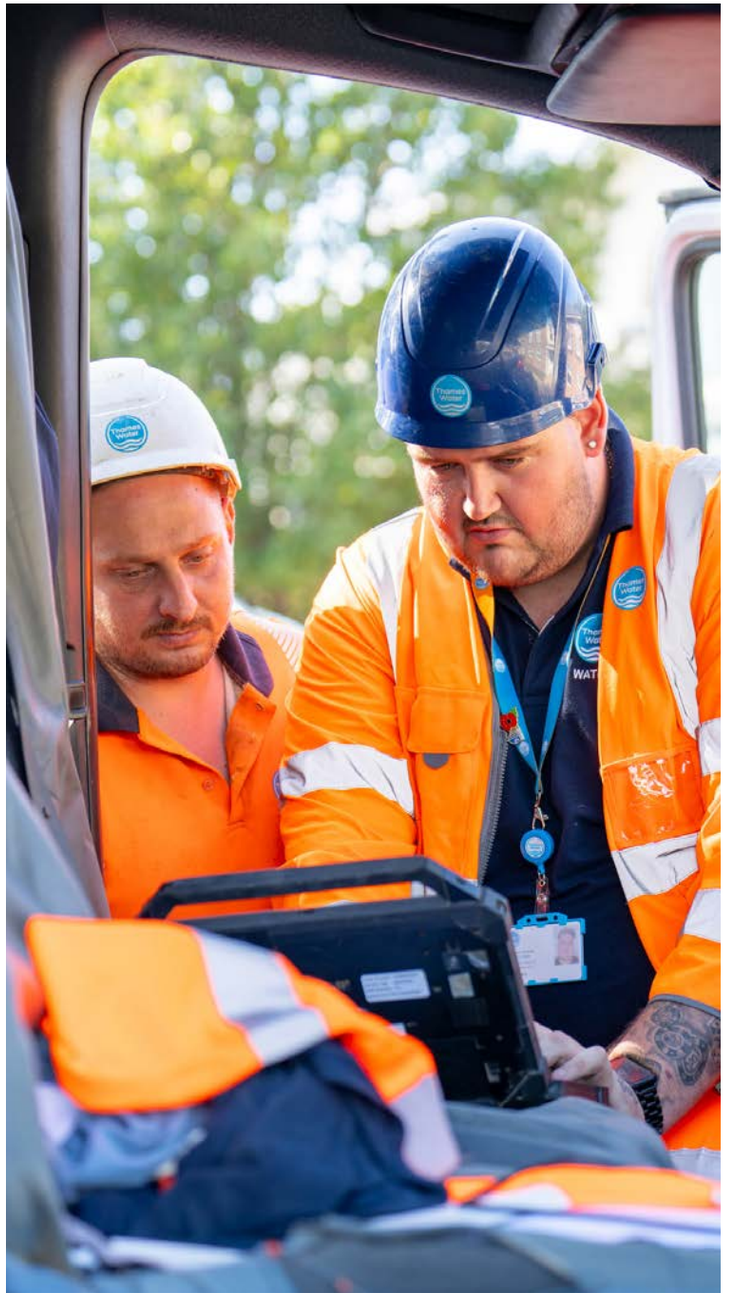
Catchment-Based Interventions

No catchment-based solutions are currently included within this table.

Cost Drivers

There are five schemes where 'other' solution types have been specified.

- Two will deliver aeration of final effluent;
- One delivers storm storage to enable closure of the CSO;
- One is delivering refurbishment of the current process, land purchase, pipework refurbishment from humus sedimentation tank to final effluent ('FE'), FE chamber refurbishment and FE flow meter; and
- One is providing additional primary & secondary treatment capacity to supplement the works rebuild from 08TW100164a.



Additional information: Tables 4A to 11B cont'd

Table 7H: Wastewater network+ - WINEP / NEP nitrogen removal scheme costs and cost drivers

This is a nil return as we don't have any funding for nitrogen removal schemes.

Table 7I: Wastewater network+ - growth at STWs scheme costs and cost drivers

Schemes, Status & Capex

Scheme lists are sourced directly from PR24 ADD19 data tables and applied without amendment.

Scheme status is derived from SAP stage gate data (March 2026), with most schemes at early stages of development, reflecting programme immaturity in Year 1 of AMP8.

Capex is reported in 2022/23 prices and includes actuals and forecasts sourced from SAC and the PCD Delivery Plan. Costs are mapped to schemes via project and purpose codes, with proportional allocation applied where schemes deliver multiple drivers.

Our headline figures are AMP8 Capex of £280.38m, with £152.6m beyond 2029–30 (Total £432.99m).

Population Equivalent (PE)

Population equivalent values are aligned to Table 7D, based on historic APR data and DWMP projections applied to the 2025/26 baseline.

Site-Specific Permit Data

Permit data includes baseline and expected future requirements across key parameters (e.g. BOD, ammonia, phosphorus, dry weather flow, flow to full treatment), sourced from internal records and regulatory datasets.

Cost drivers 2, 4, 6, 8 and 10 have not been populated where there is no confirmed requirement for change. Blank entries represent a deliberate baseline assumption rather than missing data, reflecting the current regulatory position. In several cases, future requirements remain subject to ongoing discussions with regulators, and no assumptions have been applied in the absence of sufficient certainty. This position will be updated as greater clarity emerges during the AMP.

Table 7J: Bioresources - Industrial Emissions Directive scheme costs and cost drivers

All generic programme costs are equally shared across the schemes.

As we don't currently have any sites upgraded under site rationalisation, the second table in 7J is a nil return. This may change later in the AMP.

Additional information: Tables 4A to 11B cont'd

Table 7K: Wastewater network+ - WINEP storm overflow scheme costs and cost drivers

All generic programme costs are equally shared across the schemes.

Schemes, Status & Capex

Scheme lists are sourced from PR24 ADD20 datasets, with storm overflow names and identifiers applied consistently across reporting.

Scheme status is derived from SAP stage gate data (March 2026), with the majority of schemes at stage 1, reflecting the first year of programme delivery.

Capex is reported in 2022/23 price base and includes actual and forecast costs sourced from SAC financial systems and aligned to the Delivery Plan. Costs are mapped to schemes using project and purpose codes, with proportional allocation applied where schemes deliver multiple outcomes.

It is assumed that 2024/25 capex is nil, as storm overflow investigation activity is out of scope, even where it informs future schemes.

Our headline figures are AMP8 Capex of £793.37m, with £18.68m beyond 2029–30 (Total £812.04m).

Site-Specific Permit Data

Permit data captures the presence of an existing permit and the associated reference, sourced from internal permit records and the Storm Overflow database using unique asset identifiers. Data is validated through cross-system checks.

Cost Drivers

Cost driver data is derived from PR24 ADD20 datasets. For cost drivers 1–5, 9, 10, 12 and 14, values reflect PR24 baseline assumptions, as the programme is not sufficiently mature to support a refreshed baseline. It is therefore assumed that no changes have occurred during 2025/26.

A defined action will be taken to refresh these values through the Latest Best Estimate ('LBE') process, with updates expected from Year 2 onwards.

Other cost drivers (including totex elements such as screening, FFT increases and surface water separation) are populated using financial data mapped to Table 4M, with proportional allocation applied where schemes deliver multiple benefits.

Table 7L: Wastewater network+ - sewage pumping mains renewals for the 12 months ended 31 March 2026

This table is completed by United Utilities and Dwr Cymru only.

Additional information: Tables 4A to 11B cont'd

Table 8A: Bioresources sludge data for the 12 months ended 31 March 2026

Line 1: Total sewage sludge produced, treated by incumbents

There's been a decrease in sewage sludge produced due to a decreased volume of sludge coming into our sites from non-appointed liquid waste treatment.

Line 2: Total sewage sludge produced, treated by third party sludge service provider

Due to operational issues with some sludge treatment centres ('STCs'), a small quantity of sludge was treated by third party providers through exports to other water companies.

Line 4: Total sewage sludge produced from non-appointed liquid waste treatment

All cess waste is imported into our sewage treatment facilities' discharges via cess loggers, which record the volume and solids content of the cess. This waste then goes through the standard treatment processes at our STWs and the sewage sludge included is settled out within that process and is therefore included in the figures for Line 1.

Line 7: Total sewage sludge disposed by third party sludge service provider

This figure has been populated the same as Line 2, because we don't know through which type of treatment the third party service provider will treat the sludge.

Line 9: Pipeline inter-site "work"

The only sludge transport undertaken by a dedicated pipeline is a transfer between Beckton and Riverside STCs in East London.

Lines 10-11: Tanker and truck inter-site "work"

We use our internal tankering services for inter-site movement of liquid sludge. Inter-site cake in trucks are operated in-house for both inter-site movements and haulage to land.

We've used some subcontracted vehicles to move cake both internally and externally, but the operation is managed and operated in-house so we consider that all services have been undertaken by the incumbent and not a third party.

Lines 15-18: Tanker and truck disposal operations "work"

We use contractors for haulage and spreading of final product, but under our management.

During the period, no liquid tanker operations were employed for final disposal and only dewatered sludge cake was recycled.

As actual road distances are not available, radial distance has been inflated by a multiplier of 1.4. This factor was calculated from a sample set of data where radial distances between sites were compared to actual road distances.

Table 8B

This table is not reported.

Additional information: Tables 4A to 11B cont'd

Table 8C: Bioresources energy and liquors analysis for the 12 months ended 31 March 2026

There is no additional commentary for this table.

Table 8D: Bioresources sludge treatment and disposal data for the 12 months ended 31 March 2026

There is no additional commentary for this table.

Table 9A: Innovation competition

Ofwat require the collection of additional contributions from customers relating to an established industry wide innovation fund as disclosed in Table 9A.

In the Annual Report and Accounts 2025/26, we've provided for the full value of funding we have collected from customers – recognising that we have an obligation to either deliver projects to this value or compensate other companies which win competition funding. In the Annual Performance Report, these provisions are excluded in line with direction from Ofwat.

The funding we've collected has been ring-fenced within our accounting records and will only be used to deliver innovation competition projects; it will not fund business as usual activities or spend.

The total amount held in Table 1C Line 11 cash balance relating to the innovation fund is £16.8million.

Table 10

This table is not reported.

Additional information: Tables 4A to 11B cont'd

Table 11A: Greenhouse gas emissions reporting for the 12 months ended 31 March 2026

Calculation methodology

We calculate our GHG emissions using the UK Water Industry Research Carbon Accounting Workbook ('CAW').

The CAW calculations follow the GHG Protocol's Carbon Reporting Standard. Under the GHG Protocol, there are two distinct methods to account for Scope 2 emissions, which are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling:

- Location-based: this method reflects the average emissions intensity of the grid on which energy consumption occurs (using a grid-average emission factor data).
- Market-based: this method reflects emissions from electricity that companies have purposefully chosen, and it derives emission factors from contractual instruments.

Line 44: Capital projects (cradle-to-gate)

Our system and tools are based on a cradle to build approach and do not currently enable us to present a meaningful number for cradle-to-gate emissions.

Table 11B: Net Zero enhancement reporting for the 12 months ended 31 March 2026

Lines 1 to 18: Net Zero schemes

These lines are zero as we weren't awarded any allowance for AMP8.

Line 19: Net Zero base cost adjustment totex

While the total is zero this year, we've identified prioritised sites for low carbon heating surveys, and have released a brief to our supply chain partners to provide a bid for the work package.

Strengths, Weaknesses, Opportunities and Threats ('SWOT') analysis of our approach to reducing operational and embedded GHG emissions

This analysis assesses the internal and external factors that influence Thames Water's ability to accurately account for and manage the greenhouse gases arising from our operations, capital programme and wider value chain. It's a structured view of Thames Water's current position on both operational and embedded (capital) carbon that sits within the wider context of Thames Water's carbon management hierarchy which aligns with best practice and addresses managing operational and capital emissions in parallel. It aligns with the expectations set out in Ofwat's Regulatory Accounting Guidelines, and our obligations to report emissions using recognised standards and best practice methodologies.

The analysis supports both assurance and governance processes, making sure that our emissions reporting remains transparent, compliant and capable of adapting to evolving scientific understanding, industry standards and best practise, and regulatory requirements.

Our full SWOT analysis can be found on the next page.

Information about our GHG performance commitments can be found in the performance section of this document.

Additional information: Tables 4A to 11B cont'd

Strengths, Weaknesses, Opportunities and Threats ('SWOT') analysis of our approach to reducing operational and embedded GHG emissions

Strengths

We are actively engaging within and outside the industry to collaborate on innovative and creative solutions to solve the biggest challenges faced by the sector in reducing its carbon emissions. For example:

- We've commenced a PAS 2080:2023 gap analysis to enhance our understanding of opportunities to consider and reduce whole life emissions across infrastructure delivery. This positions us well for future regulatory expectations.
- We own a comprehensive library of capital carbon models and a detailed Carbon Assessment Tool, based on cradle to build emissions. This capital carbon estimating methodology is consistently applied to all investments which go through the capital investment process, enabling comprehensive reporting.
- We've improved our capital carbon data capture and reporting, inclusive of the automation of data collection and reporting as well as data granularity.
- We are monitoring developments such as the Carbon Border Adjustment Mechanism (CBAM) to understand potential risks and opportunities related to carbon intensive imports. This early awareness helps prepare the business and supply chain for compliance and transition.
- We're working on projects such as SuDs, anaerobic wastewater treatment, sewage sludge pyrolysis; pipebots for rising mains and no-dig-leak-repair among others as innovative solutions to reduce our greenhouse gas emissions.
- We co-chair the Water UK Carbon Network and are proactive members of the subgroup working to improve the industry's operational carbon reporting through the Carbon Accounting Workbook.
- We chair the Water UK Carbon Network subgroup for Supply Chain emissions which aims to share knowledge and best practice across water companies.
- We're having structured engagement with suppliers and working on a proposed supplier working group to further enable shared learning, best practices, and identification of low carbon opportunities.
- Carbon considerations are becoming further embedded across operational teams and delivery functions through an updated Carbon Standard aligned to the GHG Protocol and PAS 2080:2023.

Weaknesses

- Our carbon models, underpinning our capital carbon estimating methodology, require updates. The current tool provides a structured approach to capital carbon reporting, but its underlying emissions factors are outdated, limiting accuracy and reducing our ability to benchmark and forecast embedded carbon performance.
- There is no consistent industry approach to Scope 3 carbon reporting beyond what is included within the CAW.
- Current CAW methodologies do not capture the carbon benefits of certain operational interventions such as real time control, optimisation technologies, or advanced monitoring systems. As a result, low carbon operational strategies are undervalued in investment appraisals, and business cases do not always fully reflect their long-term carbon benefit.
- While capital carbon reporting has improved, some legacy processes still lack the resolution needed for project level decision making. Improved granularity is required to support optimisation during design and procurement, rather than only at the appraisal stage.
- Differences in reporting requirements across the CAW SECR, and TCFD/ISSB disclosures create inconsistencies and challenge the alignment of investment cases. This fragmented landscape complicates narrative development and increases assurance complexity.

Additional information: Tables 4A to 11B cont'd

Strengths, Weaknesses, Opportunities and Threats ('SWOT') analysis of our approach to reducing operational and embedded GHG emissions cont'd

Opportunities

- The 2025/26 adoption of revised emissions factors for wastewater process emissions should raise awareness across the sector and its suppliers and stakeholders, potentially stimulating innovation and investment in advanced monitoring and abatement solutions.
- Further embedding carbon considerations within investment decisions, design standards, and governance processes will allow for more consistent delivery of low carbon outcomes.
- Continuing to develop our carbon capabilities and culture; increasing technical knowledge and competencies to increase ownership and delivery of decarbonisation opportunities.
- Continuing to develop and improve our reporting of purchased goods and services and progressing from a spend based assessment towards supplier and product specific Scope 3 reporting where appropriate.
- Lobbying for the expansion of the Green Gas Support Scheme to include existing anaerobic digestion facilities, which are currently ineligible, incentivising the water sector to contribute to the UK's green gas ambitions, providing long term benefits to the gas grid.
- Updating our Capital Carbon Assessment Tool to improve usability and accuracy.
- Gaining verification/assurance ISO14064 and PAS2080 to strengthen stakeholder confidence and improve decision making robustness whilst integrating new capabilities into existing roles.
- Levelling up the AMP8 Net Zero Challenge Fund Investment, allowing companies who did not receive funding to catch up with those that did.
- The 2026 activity to revisit the sector's Net Zero route map, including the revised scope and size of the challenge, costs, and potential pathways can create a foundation for future investment cycles.

Threats

- Differing reporting requirements (e.g. the fixed location-based version of the CAW for performance commitment reporting) will create inconsistencies with other regulatory reporting and potentially conflicting investment cases.
- Changing government policy or a change in government could negatively impact pace of decarbonisation within wider industry.
- Misalignment between policy cycles and AMP periods may result in stranded or delayed investment plans.
- Regulatory uncertainty could create unclear regulatory expectations, delays in investment approvals, inconsistent performance monitoring, and uncertainty in how decarbonisation will be incentivised or governed in future AMPs.
- Management of wastewater process emissions; technological solutions and the associated investment are not currently available at scale. Progress will depend on industry wide innovation, advanced monitoring, and significant long-term investment in new treatment technologies. Failure or delay of the electricity grid and other sectors to decarbonise in line with Government targets and policy.
- Increasing treatment and water quality standards such as PFAS and nutrient removal may drive increased operational and capital carbon emissions.
- The current capital expenditure framework for the regulated period is creating a strong bias toward selecting the lowest upfront capex option, even where this may not be the optimal whole life cost ('WLC') or whole life carbon ('WLCa') solution. This reinforces short term financial efficiency over long term value and can deter adoption of innovative low carbon approaches that may require higher upfront investment but deliver greater lifecycle benefits.

Additional information: Tables 4A to 11B cont'd

Thames Water considers its embedded emissions reporting to meet 'Green' status for 2025/26 under Ofwat's embedded GHG traffic light system.

This assessment reflects the extent to which our processes, methodologies, and reporting capabilities align with recognised standards and the five 'Green' criteria.

This is our evidence to demonstrate compliance with each criterion.

1. Provision of embedded emissions data as it relates to capital projects (cradle to build)

We report embedded emissions on a cradle to build basis across all capital projects, consistent with our annual reporting method statements. Our Carbon Assessment Tool quantifies emissions across project types, including new assets, upgrades, refurbishments, and replacements.

2. Engagement with more than one recognised standard, framework, or approach for managing and reporting on embedded emissions

Our Carbon Management Asset Standard is based on and adopts the British Standards Institute Publicly Available Specification 2080:2023 - Carbon management in buildings and infrastructure, the Royal Institution of Chartered Surveyors' Global professional standard, Whole life carbon assessment for the built environment (2023) (PAS 2080) and UK Water Industry Research's framework for accounting for embodied carbon in water industry assets (12/CL/01/15).

This demonstrates compliance with Ofwat's requirement for engagement with more than one standard. By undertaking a gap analysis against PAS 2080:2023, we expect to identify further opportunities to strengthen capabilities across the business. Thames Water is also persuing assurance against ISO14064.

3. Complete and detailed SWOT analysis referring to embedded emissions

As provided above as well as provision of insights into embedded emissions for construction and maintenance. We report embedded emissions associated with construction activities (new assets, upgrades, expansions, performance improvements), maintenance activities (refurbishment, replacement, like for like asset renewal).

4. Evidence of both internal and external stakeholder engagement and education on its GHG emissions management and reporting approach.

We're engaging extensively with both internal and external stakeholders on our GHG emissions management and reporting approach. This year we've developed and begun deploying a Carbon Awareness Training Module. The module provides an overview of:

- Key carbon terms and emissions sources
- Our targets & performance commitments
- Our carbon management hierarchy
- Opportunities to reduce emissions within an office/ hybrid or field/site role

By the end of the online digital module, employees should be able to identify opportunities to reduce emissions and confidently discuss our plans with stakeholders.

Throughout the year we've delivered a number of internal lunch and learn and engagement sessions, including with our Tier 1 supply chain. This has led to good engagement with members of the organisation and its supply chain looking for how they can improve their actions to reduce associated emissions in everyday activities related to operations, maintenance, and minor capital works.

We're engaging externally on our GHG emissions management and reporting approach to identify and share best practice and establish areas of improvement in our current approach.

Thames Water co-chair the Water UK Carbon Network, and are active members of its subgroups, including chairing the Supply Chain emissions subgroup which bring together experts across the sector, to share knowledge, approaches and best practices. We are also on the project steering group for the Water UK decarbonisation route map refresh.

Additional information: Tables 4A to 11B cont'd

Alongside other water companies, we have developed a supplier survey to engage suppliers regarding their emissions reporting and management maturity. We also continue to make Sustainability an annual focus of our annual Supply Chain Awards, setting our expectation with our supply chain on strengthening our capability to measure, manage, and eventually reduce its emissions footprint. We're also developing a plan for a supplier working group targeting improvements in whole life carbon management.

4. Evidence of both internal and external stakeholder engagement and education on its GHG emissions management and reporting approach cont'd.

We have actively engaged in discussions with Innovate UK through their Low Carbon Advanced Market Commitment programme to explore opportunities for deploying low carbon concrete solutions across our infrastructure portfolio. In parallel, we have launched a survey focused on the Carbon Border Adjustment Mechanism ('CBAM') to gather insight from our capital delivery supply chain. This survey will help us understand the potential impact of high emission construction materials on our projects and quantify associated carbon risks within our investment programme.

Alongside other water companies, we have developed a supplier survey to engage suppliers regarding their emissions reporting and management maturity. We also continue to make Sustainability an annual focus of our annual Supply Chain Awards, setting our expectation with our supply chain on strengthening our capability to measure, manage, and eventually reduce its emissions footprint. We're also developing a plan for a supplier working group targeting improvements in whole life carbon management.

5. Provision of insights into embedded emissions as they relate to construction and maintenance activities

The embedded emissions we report include GHG emissions associated with the construction, the maintenance and the end-of-life treatment of assets. Each project may address multiple needs and be delivered through a combination of construction or upgrade of assets, or the maintenance of existing assets.

Our carbon management approach aligns with the Royal Institution of Chartered Surveyors' Global professional standard, Whole life carbon assessment for the built environment (2023), including the definitions of construction and maintenance.

It's important to note that the emissions we estimate associated with construction and maintenance activities include all upstream emissions, i.e., the extraction and processing of materials, manufacturing of products, transport to site and site activities. While our reporting system does not allow us to unequivocally differentiate the embedded emissions associated with construction and maintenance, the information available enables us to allocate projects and their emissions associated with maintenance and construction.

Our Carbon Assessment Tool enables the project teams to estimate GHG emissions according to the work type being undertaken. This is broken down into: New Assets; Upgrades to assets; Refurbishment; or Replacement. Depending on work type, the embedded emissions are scaled, with replacement of assets having the highest embedded emissions (as it includes the end of life treatment of redundant assets), followed by new assets, then upgraded assets, and refurbishment of assets having the lowest embedded emissions of activities associated with capital works. According to the scope of work, the scale of the maintenance activities delivered as refurbishment is also reflected in the estimates.

We have defined embedded emissions associated with construction within capital projects as relating to delivering new assets to expand works or networks; upgrading assets to improve site performance and efficiency; activities associated. We have defined embedded emissions associated with maintenance within capital projects as: replacement of like for like assets and refurbishment of existing assets within a capital project or programme.

Based on the analysis completed, we estimate to have approximately 73 % of our emissions associated with the construction of new assets, 25 % associated with maintenance activities and the remaining 2 % associated with other embedded emissions, for example associated with studies, fleet, intangible assets.

In wastewater, emissions are largely associated with construction (i.e., approximately 83 %), with 16 % associated with maintenance. In water, emissions are nearly evenly split between construction (i.e., 55 %), and maintenance (42%).

Our statements and disclosures

Where to find our statements and disclosures

Non Financial

Disclosure	Where	Ref
Additional information: Tables 4A to 11B - inc. table/line specific disclosures	Additional information tables 4A to 11B	RAG3/4/ IN26/02
Assurance: our approach for assuring our performance commitments	Our reporting criteria and compliance with common guidance	RAG3
Assurance: external assurance of our performance commitments	Adherence to assurance requirements	RAG3
Assurance: third party independent assurance report (performance commitments)	Independent limited assurance on selected PCs	RAG3
Board statement on accuracy and completeness of data and information	Risk and compliance statement	RAG3
Customer focused licence condition	Customer-focused licence condition	RAG3
Data tables: not included in this report	About our regulatory tables	RAG3
Data tables: excel version on website	About our regulatory tables	IN26/02
Deferral of ODI revenue adjustment	Request to defer our ODI revenue adjustment	IN26/02
Long term viability statement	Long term viability statement	RAG3
Open data	Open data and transparency	IN 26/02
Outcomes: About our performance	Our performance in 2025/26	RAG3
Reconciliation models	About our regulatory tables	IN26/02
Ring-fencing certificate (Condition P)	Directors' ring fencing certificate	RAG3
Risk and Compliance statement	Risk and Compliance statement	IN26/02
Sewer flooding additional disclosures: jetting and building extensions	Internal sewer flooding IN26/02 disclosures	IN 26/02

Financial

Disclosure	Where	Ref
Additional information: Tables 4A to 11B - inc. table/line specific disclosures	Additional information tables 4A to 11B	RAG3/4/ IN26/02
Accounting policy note for price control segments	Price control segments	RAG3
Allocation between retail and wholesale	Table 2C and table 2M	RAG3
Analysis of debt (Tables 1E and 4B)	Table 1E and table 4B	RAG3
Audit opinion (statutory)	Independent auditors report on financial tables	RAG3
Bad debt policy	Bad debt policy	RAG3
Basis of preparation	Basis of preparation	RAG3
Board leadership, transparency and governance	Annual Report and Accounts	RAG3
Board statement on accuracy and completeness of data and information	Risk and compliance statement	RAG3
Capitalisation policy	Capitalisation policy	RAG3
Credit ratings	Annual Report and Accounts	RAG3
Differences between operating costs and retail revenues	Table 2C	RAG3
Differences between statutory and RAG definitions	Differences between statutory and regulatory requirements	RAG3
Directors' report (with going concern statement)	Basis of preparation	RAG3
Disclosure of information to auditors	Disclosure of information to auditors	RAG3
Disposals of protected land	Table 2L	RAG3
Dividend policy and explanation of dividends paid	Dividend and tax disclosures	RAG3

Where to find our statements and disclosures

Financial cont'd

Disclosure	Where	Ref
Exceptional, atypical and disallowable costs	Exceptional, atypical and disallowable costs	RAG3
Executive pay and performance	Annual Report and Accounts	RAG3
Financial derivatives	Table 4I	RAG3
Financial flows	Table 1F	RAG3
Financial performance summary/ highlights	Annual Report and Accounts	RAG3
Fines and investigations	Fines and investigations	
Infrastructure network reinforcement	Table 4P	RAG3
Infrastructure network reinforcement charges	Table 2K	RAG3
Innovation competition	Table 9A	RAG3
Interest analysis	Table 1A	RAG3
Long term viability statement	Long term viability statement and Annual Report and Accounts	RAG3
Net debt analysis	Table 1E	IN26/02
Net Zero challenge schemes	Table 11B	RAG3
Ownership, funding and capital structure reporting to satisfy Section 35E of WIA91	Ownership, funding and capital structure	IN26/02
Revenue recognition note	Accounting policies	RAG3
Social tariffs note highlighting the use of social tariffs for vulnerable customers	Table 2N	RAG3
Supply-demand balance and metering (narrative)	Tables 4L, 6B, 6D and 6F	RAG3

Disclosure	Where	Ref
Tax analysis	Table 1A	RAG3
Tax reconciliation	Table 1A	RAG3
Tax strategy for the appointed business	Dividend and tax disclosures	RAG3
Surrender/receipt of tax losses	Tax losses	
Water efficiency fund data request	Table 4J	IN26/02
Wholesale revenues	Table 2M	RAG3
Totex Bioresources	Table 8C	RAG3
Totex compared with cost allowances	Table 4C	RAG3
Totex Enhancement	Tables 4L and 4M	RAG3
Transactions with associates and the non-appointed business	Transactions with associates and the non-appointed business	RAG3
Water efficiency fund data request	Table 4J	IN26/02
Wholesale revenues	Table 2M	RAG3

Our Delivery Plan

This AMP, we'll report progress against our Delivery Plan ('DP'). This is a new regulatory requirement and will demonstrate how we are delivering against the price control deliverables ('PCDs') that we agreed with Ofwat as part of our funding for AMP8.

About our Delivery Plan

We published our first DP outlining our latest views on delivery costs and milestones for our PCDs, in November 2025.

Throughout the AMP, we'll produce regular updates detailing our progress. Our next DP will be published in August 2026.

Our November 2025 DP can be found on our website.

Price control deliverables

These link specific funding to the delivery of clearly defined outputs or outcomes. Financial consequences are imposed if these outputs are not delivered on time.

PCDs have mainly been applied to our enhancement expenditure including environmental improvement schemes, improved asset resilience, water resources and demand management, and smart metering.

We also have PCDs over areas of base expenditure where Ofwat consider our delivery risk to be high (e.g. mains renewal).

Reconciliation to our annual performance report

We're not able to complete a full reconciliation of data common to both our annual performance report ('APR') and the DP as the latter is not finalised at the time of submission of our APR.

When we submit our DP, we'll align it with financial information provided in tables 4L and 4M of our APR.

We'll also make sure other common data is consistent including, but not limited to, tables 7F to 7K, 4P, 6G and 6H.

We've completed a high-level review of this APR against the latest draft of our DP and we've not identified material differences between the two submissions.

A final reconciliation will be provided with the DP.

Where we can, we've provided specific references to the equivalent DP line in the Additional information: Tables 4A to 11B section of this document.

Open data and transparency

We know that being truly open and transparent is important, so we do our best to explain our performance in a straightforward way.

Throughout this report, we've included links to documents that provide more background information and cross-references to linked measures.

About open data

In June 2023, Ofwat published 'Open data in the water industry: making the change, setting the expectation' requiring that water companies make industry data freely available for everyone to access, use and share. This document explains how we are meeting those expectations for the 2025/26 APR data tables, and sets out our plans for the year ahead in line with the additional reporting expectations introduced by Ofwat this year.

Our open data strategy

We aim to become a data-driven and open data water utilities company:

Vision

To be a leader in the water sector by generating tangible value through the use and publication of open data. We aim to provide new opportunities for research, innovation, engagement, and greater efficiency.

Mission

To make a wide range of useful datasets available, along with contextual information to help others use and interpret our data easily, in a way that ensures sensitive data is always protected. In doing so, we aim to increase the discovery of innovative solutions, build trust in the water industry, improve the lives of our customers, and lead to positive outcomes for the environment.

Our full Open Data Strategy is published on our website: Thames Water Open Data Strategy.

Our roadmap for open data

In May 2025, we published our first Open Data Strategy and, building on the strategy, we're in the process of joining Stream, the cross-industry collaboration that publishes shared open data use cases on behalf of participating English water companies.

Our forward roadmap will be aligned with the shared roadmap and release timetable agreed through Stream, which will become the primary route through which our open data activities are coordinated and communicated externally.

We'll continue to develop and maintain our existing open data publications.

Open data readily accessible on our website

The following data repositories are available on the Thames Water website:

- Storm discharge data, including an interactive map, annual storm overflow activity reports, and total daily volume data;
- Two APIs covering all permitted discharge locations, a snapshot of current storm discharge activity, and a stream of historical event duration monitoring ('EDM') data from our locations;
- Acoustic logger data, providing waveform files and metadata including pipe burst predictions, file names and timestamps; and
- Annual Performance Reports, delivered in machine-readable format to support compliance and to facilitate analysis by users.

Open data and transparency cont'd

Our plans for the rest of AMP8

We aim to:

- Align our open data publications with the schemas and release timetables agreed through Stream;
- Enhance our feedback mechanism for our open data publications;
- Maintain a regular channel of communication with our data community; and
- Identify and publish additional datasets where there is clear value to customers, regulators, the supply chain or research community, industry, and leads to positive outcomes for the environment.

Driving value from open data

Opening our data continues to bring measurable benefits. It increases trust and transparency with our customers and regulators, allows the supply chain to understand the true structure and quality of our operational data, provides academia with a rich dataset for research, and gives customers and other interested parties the opportunity to discover more about what we do.

In 2024 and 2025, we extended our Open Data platform with acoustic logger data, machine-readable annual performance reports, and a new industry-aligned version of our storm overflow data. Our APR data is available through a dedicated API endpoint, which means downstream consumers no longer need to manually process Excel files to integrate our regulatory performance data into their own systems.

Open data maturity

Measurement

Our Open Data Strategy commits us to annually reviewing our progress in open data maturity, and to updating our supporting processes and documentation to advance up the maturity scale.

At the moment, we measure our maturity against Ofwat's defined open data characteristics. You can find this assessment on the next page.

During 2026/27, we'll establish a formal baseline of our open data maturity. This baseline will support year-on-year tracking and will identify where we can most usefully extend the scope, quality and discoverability of our open data.

How maturity is informing our open data activities

The areas highlighted by our internal review and by Ofwat's sector-level commentary are shaping our priorities for the year ahead:

- Continued alignment to industry schemas via Stream and Water UK working groups, so that our published data is interoperable with other water companies' data.
- Broadening the range of datasets published through the API rather than as standalone proprietary (Excel) files, improving machine-readability.
- Improving meta data and contextual descriptions accompanying our published datasets, so that users can understand provenance and applicability without needing to contact us.
- Strengthening our feedback channels so that the priorities of the data community are reflected in what we publish next.

Publishing our APR data tables

We publish our APR data tables in machine-readable form through our Open Data API. The endpoint is:

https://api.thameswater.co.uk/opendata/v2/annual-performance-report

The endpoint returns a time-limited download URL (secured by an SAS token) for each release. Tables are available individually and as combined datasets, in CSV and JSON for machine-readable use, and in the original Excel format for human reading.

Documentation for all published datasets is available on the developer portal at: https://docs.api.thameswater.co.uk/s/.

Open data and transparency cont'd

Application of open data characteristics

Open data characteristic	How this has been applied	Considerations
Publishing of APR tables	APR tables for 2025/26 are available on our Open Data platform. Individual and combined datasets from the APR reports are available for query and download on a dedicated APR API endpoint.	The API allows users to receive a direct link for downloading the APR through a secure connection. Security is enabled by attaching a SAS token to each download link, which enables non-corruptible links to be used by customers.
Metadata in our APR tables and files	APR tables are provided as individual sheets with the results, and with separate metadata related to the results.	Additional file naming and partitioning is provided through the API filters to enable finding specific releases of the APRs. Each release has its associated meta data and approach published as a sheet.
Machine-readable format	All data is published in machine-readable (CSV, JSON) and human-readable formats (Excel).	Results are published in their original Excel format for standard reporting, as well as converted to CSV for machine-readable use. Storm overflow and acoustic data is published in JSON format.
Open data licence	Thames Water Terms of Service (https://data.thameswater.co.uk/s/terms-of-service), which gives a worldwide, royalty-free, perpetual, non-exclusive licence with an attribution term.	Licence provided on all portals where Open Data is published.
Feedback mechanism	An email address is provided on our API portal for feedback: opendata@thameswater.co.uk	The mailbox is actively monitored by multiple team members. Incoming queries are triaged and routed to the appropriate subject matter experts across technical, business and science teams to ensure timely and relevant responses.

Adherence to assurance requirements

Our PCs are assured through a mixture of internal and external assurance. However, In some cases our Final Determination says that we must use third party assurers for a specific measure.

This assurance is provided in one of the following forms:

Independent limited assurance using the International Standard on Assurance Engagements ('ISAE') 3000 auditing standard

The independent auditor perform detailed assurance procedures on the evidence that they obtain to form an opinion. Our ISAE3000 opinion can be found on the following page.

Agreed-Upon-Procedures ('AUP') using the International Standard on Related Services 4400 (Revised) Agreed-Upon-Procedures Engagements standard

The independent auditor executes agreed upon procedures, defined by us, including confirming that the defined methodology used to calculate the PC/ data line and is reflective of Ofwat's requirements in the Final Determination. The independent auditor provides feedback based on their findings which we review and action, if appropriate.

We consider the PCs to be assured should no findings be noted (or where any noted findings have been corrected) in the independent auditor's factual findings report.

Independent verification and validation of greenhouse gas ('GHG') statements using international standard ISO14064 -3.

The independent auditor performs assurance procedures in line with the standard to form an opinion.

PCs where we've obtained independent third party assurance

Performance Commitment	Confidence Grading required	Other compliance requirement	Specific external assurance required	Type of Assurance Completed	Our assessed risk level
Biodiversity	Yes	RAG rating by component	Yes	AUP	Low
Business demand	Yes	RAG rating by component	Yes	AUP	Medium-High
Leakage	Yes	RAG rating by component	Yes	ISAE3000	High
Repairs to burst mains	Yes	RAG rating by component	No	AUP	Medium-High
Internal sewer flooding	Yes	RAG rating by component	No	ISAE3000	High
External sewer flooding	Yes	RAG rating by component	No	ISAE3000	High
Managing early handback of Tideway project land	No	No	Yes	AUP	Low
Maximising the value of Tideway project land sales	No	No	Yes	AUP	Low
Operational greenhouse gas emissions (wastewater)	No	No	Yes	ISO14064	Medium-High
Operational greenhouse gas emissions (water)	No	No	Yes	ISO14064	Medium-High
Per capita consumption	Yes	RAG rating by component	Yes	ISAE3000	High
River water quality	No	No	Yes	AUP	Medium-High
Storm Overflows	No	No	Yes	AUP	Low
Water supply interruptions	Yes	RAG rating by component	No	AUP	Medium-High

We've submitted all our independent party assurance reports to Ofwat as part of our submission. This assurance has not identified any material areas of non compliance.

In addition to the assurance listed in the table above, we've obtained internal assurance over the sewer collapses and unplanned outages PCs. This assurance includes the RAG rating by components and has been performed using similar AUPs to those of an independent external auditor.

Please see our Thames Water reporting criteria and compliance with common guidance document for a more detailed explanation of how we've assured individual PCs

Independent auditors' report on selected performance commitments

Independent Limited Assurance Report to the Directors of Thames Water Utilities Limited on Selected Performance Commitments

Our limited assurance conclusion

Based on the procedures we have performed, as described under the "Summary of work performed"' and the "Areas of Assurance Focus" sections below, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with the symbol Ⓐ in Thames Water Utilities Limited's ("TWUL") Annual Performance Report for the year ended 31 March 2026 (the "Report") and summarised below (together, the "Subject Matter Information"), has not been prepared, in all material respects, in accordance with TWUL's Reporting Criteria (the "Reporting Criteria") set out in the 'What we were engaged to assure' section below.

What we were engaged to assure

The Subject Matter Information needs to be read and understood together with the Reporting Criteria which TWUL's Directors are solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out in the table below:

Performance Commitment	Ref	RAG 4 Ref	Unit	Actual Performance Level	Reporting Criteria
Leakage	LEA	3A.7	% reduction of three-year average leakage (Ml/d)	15.1%	Please refer to the "Thames Water Reporting Criteria and Compliance with Common Guidance (July 2026)" document located within the link below: https://www.thameswater.co.uk/about-us/performance/regulatory-library[1]
Per capita consumption	PCC	3A.10	% reduction of three-year average PCC in (l/person/d)	4.7%	
External sewer flooding	ESF	3A.19	Number of external sewer flooding incidents per 10,000 sewer connection	17.75	
Internal sewer flooding	ISF	3A.21	Number of internal sewer flooding incidents per 10,000 sewer connection	1.43	

The scope of our work did not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

[1] The maintenance and integrity of TWUL's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on TWUL's website.

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Our work

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our independence and quality control

We performed a limited assurance engagement. Because the level of assurance obtained in a limited assurance engagement can vary, we give more detail about the procedures performed, so that the intended users of the Subject Matter Information can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- evaluated the suitability in the circumstances of TWUL's use of the Reporting Criteria as the basis for preparing the Subject Matter Information including the associated reporting boundaries;
- considered the Subject Matter Information and the Reporting Criteria in the context of Ofwat's PR24 Final Determination and other reporting guidance relevant to the Subject Matter Information;
- through inquiries, obtained an understanding of TWUL's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design, obtaining evidence about their implementation or testing operating effectiveness of particular control activities;
- evaluated whether TWUL's methods for developing estimates are appropriate and had been consistently applied, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate TWUL's estimates;
- compared year on year movements and obtained explanations from management for significant differences we identified;
- performed limited substantive testing of the Subject Matter Information. Testing involved agreeing arithmetical accuracy of calculations, and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- undertook a site visit during the investigation of a Bulk Metered Area ('BMA') and Bulk revenue metered flats, to gain an understanding of the processes that inform the unmeasured household consumption and Night Use calculations, both of which are key inputs into the Water Balance utilised to validate the Leakage performance commitment;
- recalculated the performance commitment level of the Subject Matter Information against the Reporting Criteria and compared to the Ofwat targets and deadbands;
- made enquiries of relevant company management, personnel and third parties, including with Artesia and Crowders Consulting to understand their input into the Leakage performance commitment;
- considered significant estimates and judgements made by management in the preparation of the subject matter information; and
- evaluated the disclosures in, and overall presentation of, the Subject Matter Information.

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Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users have the information they need to understand the concept and the level of materiality to place our conclusion in context. Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

Overall materiality	Materiality may differ depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users may use the information. • LEA – Leakage [1] • PCC – Per capita consumption [1] • ESF - External sewer flooding [2] • ISF – Internal sewer flooding [3] [1] This metric is a percentage. A benchmark materiality of 5% has been applied to both the numerator and denominator used in the percentage calculation. [2] This metric is a rate. A benchmark materiality of 5% has been applied to the reported metric. [3] This metric is a rate. A benchmark materiality of 4.1% has been applied to the reported metric.

We also agreed to report to the Directors misstatements (“reportable misstatements”) identified during our work at a level below overall materiality, as well as misstatements below that lower level that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

Areas of Assurance Focus

The Areas of Assurance Focus are those areas of our work that, in our professional judgement, require additional procedures. In the case of limited assurance, that means the extent of procedures performed may be towards the upper end of those that might be expected for limited assurance. These areas were identified as part of our risk assessment and result of the assurance procedures performed, and include those areas of significant risk, areas that involved significant judgement or other areas where significant assurance effort was needed. This approach provides transparency about where we deemed it necessary to perform extra work. However, this does not imply - for limited assurance - the same level of assurance as would have been obtained under a reasonable assurance engagement.

We considered the following areas to be Areas of Assurance Focus and discussed these with TWUL’s management.

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LEA - Leakage	
Nature of the issue	Certain components of the calculation and reporting process in relation to the Leakage performance commitment are inherently more complex specifically those relating to the household night use calculation and several inputs such as Weather, Seasonality and Ramadan factors. As part of the household night use calculation process, TWUL validate and apply assumptions, source and validate historical data sets, perform estimates and utilise complex spreadsheets and models. For more background, definitions and details behind the Leakage metric, please refer to TWUL's Reporting Criteria: https://www.thameswater.co.uk/about-us/performance/regulatory-library
How our work addressed the areas of assurance focus	Our work in relation to the household night use calculation is set out below: ● Performed limited substantive testing over estimations to calculate the household night use figure utilised within the Leakage calculation: o Reconciled the billed household night use data taken from the final Water Balance information through to the underlying Leakage Calculator, TWUL's property database and the Legitimate Night Use ('LNU') calculation model. o For a sample of meters across bulk metered areas, traced the reported household night use and average daily water consumption to the underlying property database. o Reperformed the calculations for billed households' night use to assess mathematical accuracy. ● Performed limited substantive testing over inputs into TWUL's LNU model with respect to Weather, Seasonality and Ramadan factors: o For a sample of items, traced the weather data per the model to an external third-party source (Meteo). o Verified that the average Ramadan fasting days in each week of FY26 per the LNU model are reasonable. o Assessed the reasonableness of the application of the Seasonality and Ramadan factors within the LNU model by inspecting historic Ramadan trends and seasonal weather data from Meteo to determine expected trends. ● Performed limited substantive testing over the LNU model including: o Inspected management's model which is maintained in excel to ensure the accuracy of calculations made and consistency of formulae applied throughout key input and summary tabs. o Inspected a list of assumptions influencing the LNU model to assess the reasonableness of the assumptions included.
Element of the Subject Matter Information most significantly impacted	Leakage: measured as the % reduction in leakage using a three-year average from the 2019 /20 baseline, for the period 1 April 2025 to 31 March 2026.

Challenges of non-financial information

The absence of a significant body of established practice upon which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

Reporting on Other Information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. As explained above, our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Responsibilities of the Directors

The Directors of TWUL are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to TWUL and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- documenting and retaining underlying data and records to support the Subject Matter Information;
- producing the Report that provides a balanced reflection of TWUL's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report; and
- producing a statement of Directors' responsibility.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of TWUL.

Use of our report

Our report, including our conclusion, has been prepared solely for the Directors of TWUL in accordance with the agreement between us dated 9 March 2026 and the associated variation letter dated 2 July 2026 (the "agreement"). To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and TWUL for our work or our report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Watford
14 July 2026

Board and Executive team disclosures

Statement of Directors' Responsibilities

In addition to the requirements of Company law, our Directors are required to prepare accounting statements which comply with the requirements of Condition F of the Instrument of Appointment of the Company as a water and sewerage undertaker under the Water Industry Act 1991 and Regulatory Accounting Guidelines issued by Ofwat.

Separately, our Directors are also required to comply with Condition P of the Instrument of Appointment of the Company as a water and sewerage undertaker under the Water Industry Act 1991. The purpose of this condition is to safeguard that:

- Appointed Business is conducted as if it is substantially the Appointee's sole business, and it is a public limited company separate from any other business carried out by the Appointee;
- The Appointee retains sufficient rights and assets and has in place adequate financial resources and facilities, management resources and systems of planning and internal controls;
- Any transfers or transactions entered into by the Appointee do not adversely affect the Appointee's ability to carry out the Regulated Activities; and
- The Appointee demonstrates that it is complying with the requirements of this Condition.

These responsibilities are additional to those already set out in our Annual Report and Accounts 2025/26.

For further details of the additional responsibilities, please see the Ringfencing Certificate and the Risk and Compliance Statement

Executive Directors

We engaged a Chief Restructuring Officer to provide specialist advice on the complex issue of balance sheet recapitalisation and he became a Board member on 22 January 2025.

He is employed by AlixPartners and accordingly is not paid any remuneration by TWUL for qualifying services.

Non-Executive Directors

The Chairman and Non-Executive Directors do not participate in any performance related arrangements, known as the Performance Related Pay Plan ('PRPP'), and do not participate in the Thames Water pension plans.

Disclosure of information to auditor

The Directors who held office at the date of approval of this report confirm that:

- So far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Details of directors' remuneration, including fixed and variable elements and any performance related pay, are disclosed in the Directors' Remuneration Report in our Annual Report and Accounts.

Executive pay and performance

In accordance with section 35A of the Water Industry Act 1991, the company's remuneration policy establishes a clear link between executive pay and standards of performance. Performance related pay arrangements are designed to support the delivery of outcomes for customers, the environment and long-term financial resilience, and operate in line with the Performance Related Pay ('PRP') prohibition rule in section 35B of the Act.

The policy includes defined performance metrics, stretching targets and the appropriate use of discretion, including malus and clawback provisions, to ensure remuneration outcomes reflect both individual and overall company performance. Where performance falls short, variable pay may be reduced or withheld to ensure outcomes are aligned with regulatory expectations and stakeholder interests.

The Remuneration Committee is responsible for overseeing the design and operation of the remuneration policy as it applies to the regulated company. The Committee ensures that PRP arrangements are consistent with Ofwat's expectations, including those set out in the PR24 Final Methodology and the PRP recovery mechanism guidance.

The company has assessed whether the PRP prohibition rule has been triggered during the reporting year and has applied the policy accordingly.

In determining remuneration outcomes and exercising discretion, the company has considered overall performance, including delivery against performance commitments, financial resilience, compliance and enforcement matters, and significant events affecting customers and the environment.

Clear and transparent explanations of remuneration decisions are provided to support stakeholder understanding.

Board and Executive team disclosures cont'd

Directorships in Group companies

Director	Thames Water Utilities Limited	Thames Water Utilities Holdings Limited	Thames Water Utilities FInance Plc	Thames Water Super Senior Issuer Plc
Sir Adrian Montague	✓	✓	✓	✓
Chris Weston	✓	✓	✓	✓
Steve Buck	A - 07/04/2025			
Catherine Lynn	✓			
Ian Pearson	✓	✓	✓	✓
Nick Land	✓	✓	✓	✓
Aidan de Brunner	✓	✓	✓	✓
Neil Robson	✓	✓	✓	✓
Julian Gething	✓	✓	✓	✓
Nirmal Kotecha	✓			
Adam Banks	✓			
Andrew McNaughton	✓			

Key: A=appointed, R=resigned

Details of our Board composition can be found in the Governance section of our Annual Report and Accounts.

Dividend and tax disclosures

Review of dividend policy for the appointed business

It is standard practice for the Board to review all key policies, including the Company's dividend policy, on a regular basis. In accordance with this approach, the Audit, Risk & Reporting Committee ('ARRC') reviewed the Company's current dividend policy at its meeting on 30 March 2026.

In conducting its review, the ARRC specifically considered whether the Company's dividend policy remains appropriate and consistent with the requirements of Condition P30 of our Instrument of Appointment (or Licence) which stipulates that any dividends declared or paid by companies are made in accordance with dividend policies that have been approved by the Board and comply with the following principles:

- That dividends declared or paid will not impair the ability of the company to finance its business, taking account of current and future investment needs and financial resilience over the longer term;
- That dividends declared or paid take account of service delivery for customers and the environment over time, including performance levels, and other obligations; and
- That dividends declared or paid reward efficiency and the effective management of risks to the company's business.

Having completed its review, the ARRC concluded that the Company's existing dividend policy remained fully consistent with the requirements of its Licence and that no amendments were necessary.

One proposed drafting change was endorsed by ARRC to the previous published policy. That being to delete the word 'therein' from the previous statement which previously read:

"An assessment is made to determine if the payment of a dividend reflects the Company's performance against the relevant price review final determination and its commitments to customers and other stakeholders therein;"

The ARRC endorsed management's view that the use of the term "therein" could be interpreted as limiting the Company's assessment of performance to matters exclusively captured within the Ofwat price review final determination. This may, in turn, inadvertently exclude core elements of overall company performance, including environmental performance regulated by the Environment Agency and drinking water quality performance regulated by the Drinking Water Inspectorate. This amendment broadens the reference to "its commitments to customers and other stakeholders" and provides a clearer explanation of the range of performance factors relevant to Condition P30 of our Licence.

This conclusion was approved by the Board at its meeting on 1 April 2026.

Current dividend policy

The Company's overall objective is to pay a progressive dividend commensurate with the long-term returns and performance of the business, after considering the business's current and expected legal, regulatory and financial performance, regulatory restrictions (such as those set out in its Instrument of Appointment), management of economic risks and debt covenants.

In assessing the dividend to be paid, the Directors are required to seek to ensure that:

- Payment of a proposed dividend rewards efficiency and the effective management of risks; Payment of a proposed dividend should not impair the Company's current or short-term liquidity or compliance with the Company's covenants;
- Payment of a proposed dividend should not impair the Company's longer-term ability to finance the Company's business including access to both debt and equity capital, and therefore must also take account of future investment needs and financial resilience;
- An assessment is made to determine if the payment of a dividend reflects the Company's performance against the relevant price review Final Determination and its commitments to customers and other stakeholders; and
- An assessment is made of the impact that payment of the dividend may have on the Company's commitments and obligations, and in turn also its overall performance levels, including service delivery to customers, environmental commitments, community commitments, and its commitments and obligations to employees and pension members.

Dividends declared in 2025/26

No dividends were declared or settled in AR26. The dividend yield was therefore 0% (AR26:0%).

Dividend and tax disclosures

Tax strategy for the appointed business

Our aim is to be clear and transparent over our approach to tax and our tax profile so that we're a responsible business. Our tax strategy is straightforward and underpinned by five key principles, which are unchanged from the previous year:

We comply with all tax legislation at all times, both within the letter and spirit of the law. We;

- Do not use tax avoidance schemes or aggressive tax planning;
- Engage fully and transparently with HMRC and other Governmental bodies, and seek to resolve disputes in a co-operative manner;
- Adopt a conservative approach to tax risk management and apply a strong tax governance framework; and
- Accept only a low level of risk in relation to taxation.

You can find more detail on our tax strategy on our website.

Tax losses

During the year, the Company expects to utilise group relief losses of £28.5m surrendered by other group companies. To facilitate this, a portion of capital allowances has been deferred, increasing taxable profits which are offset by group relief losses. In line with group policy, no payment is made for group relief received, as the losses arise within the Thames Water group. This approach preserves capital allowances within the Company for use in future periods, reducing future taxable profits and supporting lower long-term tax costs for customers.

Other financial disclosures

Appointed and non-appointed businesses

Our appointed business (an appointee) comprises the regulated activities we provide as a monopoly supplier. This includes functions and duties necessary to provide water and sewage services to our customers.

This is detailed in Condition A of our licence of appointment and relates to the duties defined within the Water Industry Act 1991.

In addition to our duties as an appointed business, we also carry out certain non-appointed activities. All of these activities are conducted on an arm's length basis from the appointed business. These activities include third party charges to sewage treatment works and other commercial activities, including property searches and cess treatment (from private receptacles not linked to our network).

Services provided to the Company by associated companies

Associated Company	Company principal activity	Service provided	Turnover 2025/26 (in £'000s)	Terms of supply 2025/26	Value (in £'000s)
Thames Water Property Services Limited	Property Company	Payroll costs	144.9	Recharged at cost	143.6
Total value in £000s					143.6

Payments to companies with common Directors

Company	Service provided	Common Director	Terms of supply 2025/26	Value (in £'000s)
AlixPartners UK LLP	Third party services	Julian Gething	Negotiated	18,469.1
Arqiva Limited	Supply of domestic water meters	Paul O'Donnell	Negotiated	25,871.8
Water UK Limited	Membership and subscriptions	Chris Weston	Negotiated	915.1
Total value in £000s				45,256.0

Note that the above table includes non-TWUL Directors. Independent Non-Executive Directors are not deemed to exercise control and as such, they have not been included in the above analysis.

Other financial disclosures cont'd

Services provided by the Company and recharged to associated companies

Associated Company	Company principal activity	Service provided	Turnover 2025/26 (in £'000s)	Terms of supply 2025/26	Value (in £'000s)
Kemble Water Holdings Limited	Holding Company	Financial Control, Treasury, Company Secretary and Tax support services	-	Actual costs recharged (plus margin*)	49.2
Kemble Water Holdings Limited	Holding Company	Payroll Costs	-	Recharged at cost	726.7
Kemble Water Eurobond plc	Holding Company	Financial Control, Treasury, Company Secretary and Tax support services	-	Actual costs recharged (plus margin*)	9.3
Kemble Water Finance Limited	Holding Company	Financial Control, Treasury, Company Secretary and Tax support services	-	Actual costs recharged (plus margin*)	32.4
Kemble Water Finance Limited	Holding Company	Payroll Costs	-	Recharged at cost	242.3
Thames Water Limited	Holding Company	Financial Control, Treasury, Company Secretary and Tax support services	-	Actual costs recharged (plus margin*)	120.6
Thames Water Limited	Holding Company	Payroll Costs	-	Recharged at cost	725.0
Thames Water (Kemble) Finance plc	Holding Company	Payroll Costs	-	Recharged at cost	242.3
Thames Water Utilities Holdings Limited	Holding Company	Financial Control, Treasury, Company Secretary and Tax support services	-	Actual costs recharged (plus margin*)	34.1
Thames Water Utilities Holdings Limited	Holding Company	Intercompany Loan	-	Negotiated	1,448,138.0
Thames Water Utilities Holdings Limited	Holding Company	Intercompany Interest	-	Negotiated based on market data	58,648.1
Kennet Properties Limited	Property Company	Third party costs	18.6	Recharged at cost	38.0
Kennet Properties Limited	Property Company	Financial Control, Treasury, Company Secretary and Tax support services	18.6	Actual costs recharged (plus margin*)	132.8
Thames Water Pension Trustees Limited	Pension Trustees	Payroll Costs	-	Recharged at cost	72.2
Thames Water Pension Trustees Limited	Pension Trustees	Financial Control, Treasury, Company Secretary and Tax support services	-	Actual costs recharged (plus margin*)	4.0
Total value on £'000s					1,509,215.0

*Margin is applied for services delivered by Thames Water Utilities Limited, no margin applied to costs which are purely a pass-through.

Other financial disclosures cont'd

Transactions with associates and the non appointed business

We have disclosed transactions with both associated companies and our non appointed business in accordance with the guidance provided in RAG 5.07. Although our appointed business applies International Financial Reporting Standards ('IFRS'), an associated company for the purposes of this disclosure is any company within the Group (the companies headed by Kemble Water Holdings Limited, the ultimate parent company) or a related company as defined by Financial Reporting Standard 102.

This year's disclosures as follows:

- During the year there were no single contracts in excess of 0.5% (£18.3 million) of the Company's appointed income with any subsidiary of the Kemble Group of companies or related companies;
- The Company has also chosen to voluntarily disclose all transactions with companies for which there is a common Director. The Directors of the Company and their connection to other Group companies are shown in the Directors' interest table;
- The dividend declared during 2025/26 to the parent company Thames Water Utilities Holdings Limited was £ nil (£ nil in 2024/25); and
- In the reporting period Thames Water Utilities Holdings Limited (TWUHL), the parent company of TWUL, received a net amount of £0.1 million reimbursement of costs. The original costs were funded by TWUL and were deemed disallowable under Table 4C and so are not shared with customers. TWUL is not seeking reimbursement of these costs whilst TWUHL seeks a recapitalisation alongside TWUL.

Transfer of assets by or to the appointee

Under our licence, we're obligated to adopt assets constructed under self-lay by third parties at nil cost to TWUL. This totalled £159.8 million in the year (2025: £109.1million).

There were no transfers of assets out of the Company in excess of the materiality limit (2025: No material transfers).

Guarantees or other forms of security by the appointee

The Company is party to a number of financial guarantee contracts for the purposes of its principal activities. These arrangements include:

- The Whole Business Securitisation ('WBS'), where Thames Water Utilities Holdings Limited ('TWUHL') guarantees the obligations of Thames Water Utilities
- Finance plc ('TWUF') and the Company; and TWUF and the Company guarantee the obligations of each other; and
- The Company and TWUHL guarantee the borrowings of their subsidiary Thames Water Super Senior Issuer plc ('TWSSI').

Borrowings and loans

All borrowings from our wholly owned subsidiaries are disclosed in note 41 of our Annual Report and Accounts 2025/26. All loans to our wholly owned subsidiaries are disclosed in note 37 of the Annual Report and Accounts.

Omissions of rights

There were no omissions of rights during the year (AR25: none).

Waiver of any consideration, remuneration or other payment by the appointee

There were no waivers of any consideration, remuneration or other payments by the appointee during the year (AR25: none).

Consolidated results

In completing all tables, we have included all debt relevant to the regulated company.

Figures therefore include Thames Water Utilities Limited ('TWUL') and its direct 100% owned financing subsidiaries Thames Water Utilities Finance plc ('TWUF') and Thames Water Super Senior Issuer plc ('TWSSI').

Transfer of any corporation tax group losses by or to the appointee

In AR26, TWUL is expected to receive tax losses from TWUHL by way of group relief for nil payment. This is free group relief of £259.8 million losses, which equates to £65.0 million at a 25% tax rate.

Other financial disclosures cont'd

Long-term viability statement

The assessment of our long-term viability can be found in our Annual Report 2025/26.

Non-GSS compensation payments

Non-customer goodwill scheme ('CGS') payments made in the year were goodwill payments to customers. The majority of these payments are related to operational incidents, mainly large water bursts.

We've only made payments to residential customers, not to non-customers such as charities or community groups.

Fines and investigations

During the financial year, payments of £20.9 million and £3.6 million were made to Ofwat in September 2025. These payments were made in line with the agreed payment plan with Ofwat. These relate to 20% of the total fines levied by Ofwat of;

- £104.5 million onto the Company for failing to manages its wastewater treatment works and networks and;
- £18.2 million onto the Company for breaches of rules relating to dividend payments.

We've paid fines of £3.9 million relating to water network+ in the current year.

A summary of open investigations is included within the contingent liabilities note (Note 26 and 45) and provisions note (Note 16 and 22) in the Annual Report 2025/26.

Cost incurred for the investigation of poor performance or failure by the company represent those which are incurred above what is required in the ordinary course of business to manage effective compliance. Investigation costs include those related to matters referenced within regulatory and environmental provisions and our contingent liabilities (includes matters with the EA, Ofwat and DWI). The total investigation costs are £1.3 million.

Other financial disclosures cont'd

Exceptional, atypical and disallowable costs

Exceptional costs

Further details on exceptional costs can be found in notes 3 and 5–7 of the Annual Report 2025/26.

Disallowable costs

Disallowable costs are £141.1 million. The majority of these relate to provisions for environmental matters (£79.7 million) and restructuring expenditure (£60.6 million) linked to refinancing of our business - included in Line 4D.8 and 4E.8.

There is a £0.02 million contribution by Thames Water in AR26 that forms part of a £0.2 million payment made by UKWIR to Wessex Water for an innovation project that they are leading. This represents Thames Water's share of the collective 10% partner funding contribution towards the project.

There is no significant movement in particular cost type compared to prior year between price control units and upstream activities.

Accounting methodology

Power costs are directly allocated by use of specific expenditure costs and cost centres to site, else allocated based on assessment of activities and sub-metering where available. 99% of power costs relate directly to operational activities. 82% of other operating expenditure is directly coded and allocated costs.

Bioresources consumption is estimated based on attributed activity. There are no significant movements in the amounts recharged between the price control units and upstream services.

For other operating expenditure, it is directly coded to process where possible, else allocation based on time spent, site activity and management judgment.

We consider M&G costs to relate to HR, Training, CEO, IT&T, Property Management, and other support functions. The percentage allocation of M&G costs across the price control units is calculated by aggregating the relevant M&G costs for each price control unit and then dividing this amount by the total M&G cost.

£million	Waste water	Water resources	Water network+	Bio resources	Retail
M&G costs	241.113	27.116	130.828	70.586	0.269
M&G cost %	51.3%	5.8%	27.8%	15.0%	0.1%

We've outsourced activities within Group Services, Retail, Asset Management, Operations, and Capital Delivery. The associated costs are allocated to activities based on FTE resource planning, together with the work packages and workstreams assigned to our outsourced service providers.

WOC commissions costs from industry data share of the APRs are allocated across the activities they undertake, i.e. billing, payment handling, debt management and customer (non-network) queries based on the relevant weighting of those activities within the Retail operating expenses.

Local Authority / Housing Authority (LAHAs) commissions are allocated across the activities they undertake, i.e. billing, payment handling, debt management and customer (non-network) queries based on the relevant weighting of those activities from WOC commissions, factored for the relative costs for the LAHAs based on management analysis and judgement.

The remaining value includes compensation claims of £3.4million, retention bonus of £2.4 million paid, with these amounts partially offset by a £1.9 million release for a provision for executive bonuses which was not paid. Fines and investigations costs were £5.1 million.

Where assets are used by more than one price control, a recharge is made from the principal user to the other price controls to reflect the usage of the asset. The recharge is calculated as an allocation of the depreciation charge since this represents the charge for using the underlying assets.

There is reclassification between Retail, water and wastewater in respect of the principal use of assets. The amount recharged to retail is £4.6 million, water is £13.0 million and waste is - £17.5million. There are no recharges to the non-appointed businesses.

Commentary around non-resident population and structurally furbished refer to table 4R and table 7C.

Atypical expenditure

Atypical expenditure in tables 4D and 4E total £61.7 million.

This includes:

- £60.6 million of restructuring cost which are deemed disallowable; and
- £1.1 million other turnaround and ad-hoc costs which are deemed to improve efficiency of business and, therefore, allowable.

Fitness and propriety rule disclosure

In December 2025, Ofwat published the Fitness and propriety rule. The rule applies to new appointments from 1 April 2026 and for existing board directors from 1 April 2027.

Under this rule, water companies must:

- Assess new directors (Chief Executives and both executive and non-executive directors) and existing directors using the fitness and proper person test ('FPPT');
- Record the results of this assessment, including reasons for the conclusions drawn; and
- Provide Ofwat with the FPPT summary 15 working days before the appointment is made.

Policies and practices in place to comply with the rule for directors appointed after 1 April 2026

The Company has considered the Fitness and propriety rule (and its accompanying guidance) issued by Ofwat pursuant to the Water Industry Act 1991.

The Company confirms that it believes that it has established appropriate processes and procedures to implement, and comply with, the fit and proper person test so as to meet the requirement that only individuals who meet specified standards as to fitness and propriety are appointed as Directors.

How we will apply the FPPT to existing directors

Those processes and procedures will also be adapted, as required, in order to apply the Fitness and Propriety Rule to existing Directors as from (at the latest) 1 April 2027.

Customer focused licence condition

In accordance with condition G, companies are required to set out, as a minimum, a statement to explain how they have complied with licence condition G (principles for customer care).

Our statement can be found on our website here.

Risk and compliance statement

Risk and compliance statement

Introduction

This statement sets out the processes that are in place to demonstrate to our customers, Ofwat and to other stakeholders, our compliance with relevant legal and regulatory obligations, where Ofwat is the relevant enforcement authority. The statement has been produced having regard to Ofwat's Risk and Compliance Statement guidance (issued in 2015) and IN26/02 in which Ofwat sets out its expectations for large water company APR reporting in 2025/26.

The obligations pertinent to our functions as a statutory water and sewerage undertaker are primarily set out in the Water Industry Act 1991 ('WIA91') and our Instrument of Appointment – commonly referred to as our "Licence". Our approach to compliance with our legal and regulatory obligations is based on establishing and maintaining robust governance, risk management and systems of internal control.

The processes that we have in place to understand and meet our customers' expectations, achieve compliance with our obligations and report accurately on our performance are described below. We also set out material exceptions and provide a Board Assurance Statement.

1. Understanding and meeting our customers' expectations

We need to understand and respond to our customers' expectations in both our day-to-day operations and long-term plans. Our programme of customer engagement is led by our Transformation and Retail Director and overseen by the Customer Service Committee and, for our long-term planning, the Regulatory Strategy Committee (both sub-committees of our Board).

To understand our customers' expectations, we gather insights into their wants, needs and behaviours. This includes surveys on brand perception and service satisfaction, as well as bespoke research into specific topics, analysis of complaints and listening to social media. We also work with our Customer Challenge Group ('CCG') and the Consumer Council for Water ('CCW') to better understand the needs of our customers.

Customers' overarching expectations are that we should provide:

- A water and wastewater service that works today and in the future;
- Fair and affordable bills;
- An easy customer experience tailored to individual needs; and
- Environmental and social responsibility.

Ofwat evaluates satisfaction for household customers through the C-MeX performance commitment and through D-MeX, the equivalent measure for developers. We are currently 16th in the industry for C-MeX and 14th for D-MeX. Our aim remains to improve our service, increase our scores and reduce the gap between us and the industry median.

In addition to C-MeX, which is limited by small sample sizes, and is based on a combination of customer surveys of those who have contacted us directly and others who are randomly selected but who we have not interacted with, we also monitor and manage our performance against our internal customer satisfaction ('CSAT') measure.

Our CSAT score for 2025/26 was 74.57 against our target of 77. Customer feedback identified the 2025/26 bill increase, closely linked to the perception that water companies do not provide value for money and the significant increase in our compulsory metering programme as causes of dissatisfaction. We have undertaken root cause analysis for repeat contacts and reviewed specific customer journeys to improve communication with customers and proactively provide information.

We received 122,798 complaints – a 77% increase from last year, with 14% being about Water and Waste Services and 86% connected to billing and metering. We've focussed on reducing complaints and responding to them more quickly (more details can be seen in the Section 'Responding to Customer Complaints').

We have completely changed our operating model for developers and have started a system transformation with new website functionality recently delivered which we are confident will improve our position in the D-MeX rankings. Key areas of focus in the last year include:

1. Improved operational grip;
2. New account management capability; and
3. Organisational alignment to customer journeys.

Risk and compliance statement cont'd

Better service for business customers and retailers, coupled with a focus on improving our data quality, has underpinned a positive first year of BR-MeX, with Thames Water ranked at 10th out of 15 and just one percentage point below the median company, giving us a solid platform to build on. We made big strides in improving our market performance metrics that measure the quality of our property data and the timely resolution of requests from retailers, placing us 4th for these combined metrics.

Our satisfaction levels from retailers also improved by 10% compared to our prior year performance, through improved engagement, a range of process improvements and collaborating with retailers to drive down the number of long unread meters. This is resulting in more accurate billing for business customers, alongside benefits from our smart meter programme roll-out and more proactive care when water and waste service have encountered problems.

Through data insight and incident learning, we have a transformation programme focussed on improving our Incident management and control centre. Specifically, we have four key areas of progress and development focussed on improving experience for our customers:

- **Refined communication strategy** which is customer centric, uses an enhanced digital approach and has improved consistency. This better meets customer and stakeholder needs and automatically improves clarity, speed and reach of communications during incidents;
- **Enhanced customer support** including quicker response during incidents, additional field support roles all year round and enhanced aftercare support and standards. This ultimately improves Thames Water field support and visibility, secures quicker response to our customers with our vulnerable customers prioritised throughout;
- **Improved proactive communication** such as increased outbound calling to our customers, dedicated media and stakeholder specialists and earlier and improved website communications; and
- **Adapted policy and process** including structured response cards, templates and checklists to standardise tone, content, frequency and quality of incident communications across all channels.

We recognise there is still more to do, and this is reflected in our Customer Service Strategy, as we aim for simple and proactive interactions with our customers. This aligns to the continuous improvement aspect of the 'principles for customer care' licence condition.

Key areas of focus in the last year to meet our customer expectations and drive improvements in customer satisfaction, brand perceptions and complaints include:

A water and wastewater service that works today and in the future

- We're delivering the biggest network upgrade in 150 years investing millions every day in fixing and upgrading assets;
- We've rolled out 270,117 smart meters, (excluding bulk meters), improving bill accuracy and helping customers to save water;
- We've sustained our extensive sewer cleaning programme delivering over 1,660km of planned sewer maintenance and increased the number of sewer depth monitors to over 23,000, which help to pinpoint blockage hotspots and target problem areas more effectively;
- This year we've cleared 59,827 blockages. That's 164 every single day. We've introduced a 'baby hedgehog' tool to help clear blockages caused by wipes in narrow sewer pipes;
- We've led the way as the first water company to give customers real-time transparent information on every live discharge through our event duration monitors. These indicate when and where a storm discharge is happening. If you'd like to find out more, please take a look at our website https://www.thameswater.co.uk/about-us/performance/river-health/storm-discharge-and-event-duration-monitoring; and
- We've improved our service for faster customer issue resolution, by reducing our external flooding promise from 25 hours AR25 to 13 hours in AR26 and our internal flooding promise from 9 hours AR25 to 4 hours in AR26.

Risk and compliance statement cont'd

Fair and affordable bills

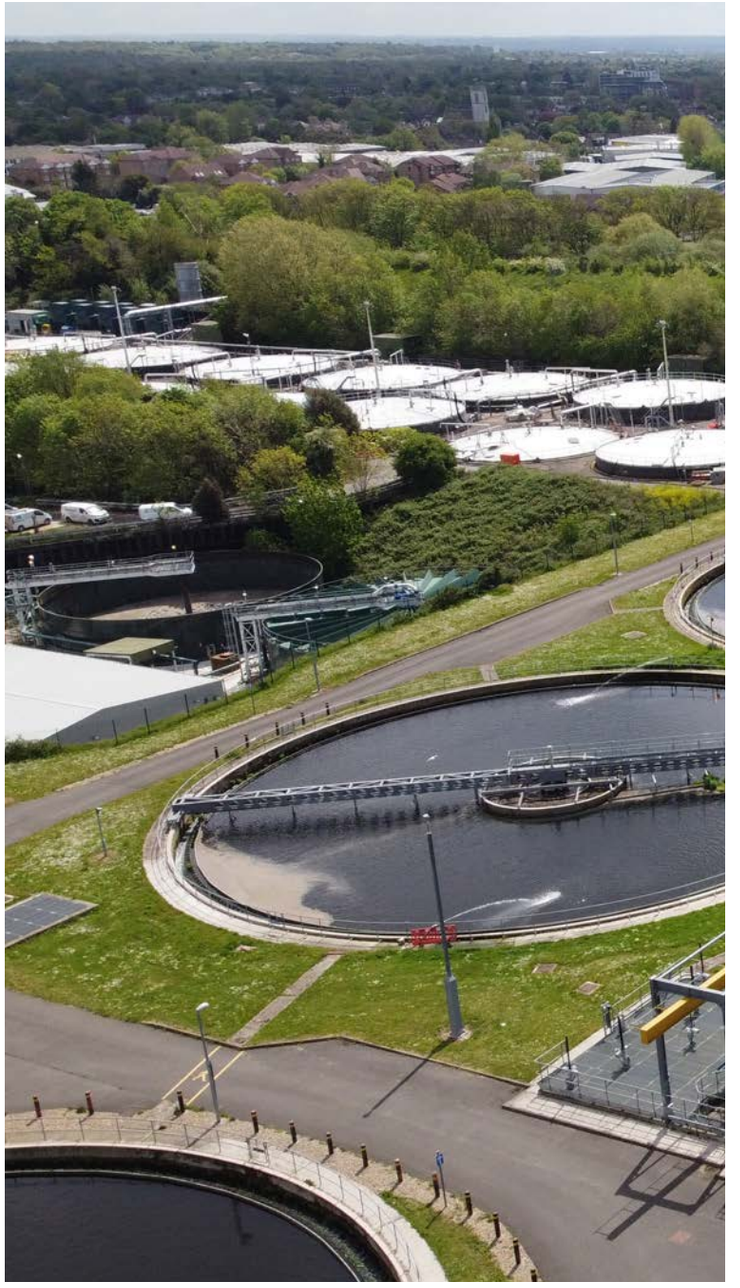
We've distributed £260 million of affordability support and increased the number of customers benefiting from our social tariff WaterHelp and WaterSure scheme by over 131,000 to 515,880 in the 2025/26 financial year (a 34% increase compared to last year).

An easy customer experience tailored to individual needs:

- We mobilised our Customer Strategy aiming to be the easiest water company to deal with, introducing a 'Make it easy' framework delivered to 400 managers and 1,800 frontline colleagues;
- We've created a new 'escalation' team to own and resolve complicated issues for customers. 94% of issues within the billing escalation team are now resolved on the same day;
- Customers can now upload photographs of suspected leaks and pollutions enabling a swifter response to operational incidents;
- Grown our PSR registrations by 116,703 households to a total of 723,454 in the 2025/26 financial year, outperforming our Vulnerability Strategy targets.
- Improved our customer experience, with Billing CSAT increasing from 59.05 (April 2025) to 78.30 (March 2026) and Trustpilot increase from 1.3 to 3.9 in the 2025-26 financial year; and
- We've maintained our inclusive service accreditation from the British Standard to the International ISO22458 standard.

Environmental and social responsibility

- Over the last five years, the River Chess Smarter Water Catchment partnership has delivered 96 projects, improving 50% of the river (8km), creating more than 500 hectares of new habitat, and restoring over 150 hectares of existing habitat;
- Our £3 million investment in the Crane Valley Smarter Water Catchment has helped secure an additional £20 million of funding, supporting a growing programme of nature-based solutions that are improving water quality, restoring habitats and delivering wider community benefits. The partnership now brings together over 40 organisations and 70 community groups, working collaboratively across the catchment to deliver wetlands, SuDS and river restoration projects that enhance biodiversity, increase resilience to flooding and expand access to high-quality blue-green spaces. Through this coordinated, catchment-scale approach, we are seeing measurable progress towards achieving "Good Ecological Status", alongside a strong pipeline of projects that will continue to drive water quality and habitat improvements. In addition, the partnership has recently been awarded the Mayor of London's Green Roots Fund to create a continuous riverside path through five London boroughs (from Harrow to Isleworth) removing physical access barriers and enabling the local community to benefit from this healthier river; and
- In the past year, we have also launched our Flagship Chalk Streams Restoration Project with the Pang catchment partnership where we have published a ten-year plan to restore this precious chalk stream. Through our multi-stakeholder approach, we have already carried out a number of feasibility studies, project designs and begun a robust monitoring programme to assess river health.



Risk and compliance statement cont'd

2. Processes and assurance we have in place to achieve compliance with our obligations

The Board is accountable and responsible for the prosperity of Thames Water for the benefit of customers, investors and other stakeholders. The Board owns the company's strategy and holds the Executive to account for delivery in line with it. Our Executive develops and delivers our strategy and make day-to-day financial, operational and regulatory decisions. This includes responsibility for maintaining sound systems of planning, risk management, internal control and performance management.

The Board and Executive are provided with a range of information and evidence to enable them to broadly assess our overall compliance with our obligations.

In addition to this APR, the company reports to its stakeholders primarily through the Annual Report and Accounts ('ARA'), the Sustainability Report and Environmental, Social and Governance ('ESG') Statement. We publish our approach to risk management in the ARA, outlining our principal risks and uncertainties and providing our long-term viability statement. Together these reports set out the material and emerging risks the company is currently facing, together with steps we are taking to mitigate those risks.

We have a system of internal control that has been designed to:

- Align with our risk management approach;
- Meet the requirements of the UK Corporate Governance Code; and
- Fully consider Financial Reporting Council Guidance on risk management, internal control and related financial and business reporting.

We employ relevant expertise so that we understand our legal and regulatory obligations and can translate them into policies, standards and procedures. This expertise covers, but is not limited to, legal, financial, regulatory, health and safety, assets and processes, and the environment.

We also draw upon additional external expertise, where necessary, so that changes to our existing obligations as well as new obligations are appropriately interpreted and applied.

Management and oversight teams monitor compliance with approved policies, standards and procedures on an ongoing basis. For example, our Water Compliance Governance Board provides oversight on actions to mitigate impacts to drinking water quality and public health. It also provides oversight on all aspects of water compliance, including those regulated by the Environment Agency (abstraction, discharge compliance and reservoir safety). Similarly, our Environmental Governance Board provides oversight of actions to secure compliance with our environmental obligations in respect of waste water activities, and to improve our environmental performance overall. These governance boards also perform an important role in horizon scanning, and identification of implications for the company of potential future developments and overseeing the delivery of actions in response to these.

We have created an Environmental Oversight Officer role, supported by a senior environmental lawyer, sitting on the Executive and reporting to both the Executive and Board at each scheduled meeting on matters including compliance, performance and horizon scanning on water resources, drinking water production, waste water collection and waste water treatment.

Our compliance controls framework translates our compliance obligations into a set of minimum control operating requirements. The control operating requirements each have accountable owners and are a core element of the wider Internal Control Framework.

Assurance over their effectiveness is conducted in several ways, including a first-line quarterly self-assessment certification, in addition to their consideration as a component of second and third lines of assurance.

Risk and compliance statement cont'd

3. Processes and assurance we have in place to report accurately on our performance

As part of our compliance controls framework, so that we provide accurate and reliable information to our stakeholders, our External Reporting Standard (the "Standard") sets out the mandatory requirements that must be followed when providing information to external parties, including our regulators.

Our external reporting process is designed to provide our customers and stakeholders with information that is accurate, easy to understand and can be relied upon.

We use the 'three lines' model to distinguish between first line processes and controls, second line oversight and third line independent assurance. This establishes the minimum controls over the preparation and submission of information to report on time and to quality. For example, those submissions with the highest risk require approval of the Board and external independent assurance.

All submissions are risk assessed to determine the level of governance required for the submission. Every submission must be assured to first line in the diagram below. This is evidenced through our Information Integrity Declaration ('IID') form.

It should be noted that some assurance requirements are prescribed by Ofwat. In such cases, our three lines model does not apply.

Risk and compliance statement cont'd

4. Exceptions to our compliance, data and information

We set out below our material exceptions to compliance with our statutory, licence and regulatory obligations. The information in this section should be read alongside the Directors' Ring-fencing Certificate ('RFC') under Condition P.

Duty or obligation	Disclosure	Actions being taken to improve
Environmental matters		
Environmental permits	TWUL remains under investigation by the Environment Agency with regard to its compliance with the flow conditions of its environmental permits.	Delivery of remedial schemes are included in our latest Integrated Business Plan, as approved by the Board. We are also developing site-specific compliance action plans ('CAPs') to set out our plans to secure compliance with our water and waste permits on a site-by-site basis. For more information, please refer to the RFC Section 6 Material Issues or Circumstances.
Urban Wastewater Treatment Regulations ('UWWTR') 1994, and section 94 of the WIA91, general duty to provide sewerage system	Ofwat issued an Enforcement order in May 2025 setting out the steps that TWUL is required to take to secure compliance with its legal and regulatory obligations under UWWTR, WIA and Condition P.	As part of our compliance with Ofwat's enforcement order we have submitted remediation plans to Ofwat as required under the terms of the Enforcement Order. We also submitted our first delivery report against these plans on 28 May 2026. For more information, please refer to the RFC Section 6 Material Issues or Circumstances.
Environmental improvement schemes (WINEP7)	TWUL is engaging with the Environment Agency in relation to the late delivery of certain schemes contained within the AMP7 WINEP programme.	Delivery of the late schemes are included in our latest Integrated Business Plan, as approved by the Board. We are also developing site-specific compliance action plans ('CAPs') to set out our plans to secure compliance with our water and waste permits on a site-by-site basis. For more information, please refer to the RFC Section 6 Material Issues or Circumstances.
WINEP7	TWUL is also currently under investigation by Ofwat on the delayed delivery of certain schemes within the WINEP7 programme and the potential impact with regard to its obligations under the Water Industry Act, the Urban Wastewater Treatment Regulations, and Condition P of the Instrument of Appointment.	TWUL has received and responded to three Section 203 requests for information from Ofwat as its investigation has progressed. For more information, please refer to the RFC Section 6 Material Issues or Circumstances.
Industrial Emissions Directive ('IED')	TWUL is engaging with the Environment Agency in relation to delivery of its IED requirements using Best Available Techniques ('BAT') within the timescales set by the Environment Agency.	All IED schemes are included in the latest version of our Integrated Business Plan, approved by the Board. For more information, and the status of appeals against the permits, please refer to the RFC Section 6 Material Issues or Circumstances.

Risk and compliance statement cont'd

4. Exceptions to our compliance, data and information cont'd

Duty or obligation	Disclosure	Actions being taken to improve
Financial matters		
Credit ratings	TWUL does not currently hold two investment grade credit ratings as required in its licence.	Legally binding undertakings were provided by Thames Water and accepted by Ofwat to take all reasonable steps to address the concerns raised by credit ratings agencies and to restore two Investment Grade Ratings in line with Condition P26 of our Licence. For more information, please refer to the RFC Section 6 Material Issues or Circumstances.
Payment Card Industry Data Security Standard ('PCI-DSS')	TWUL has been unable to achieve PCI-DSS Attestation of Compliance	Compliance consultants onboarded, with Quality Security Assessor ('QSA') appointed to define scope, and complete Thames Water wide PCI-DSS Audit. Scope of Audit defined, Approved Scanning Vendor (ASV) scans progressing, with small number of remediation areas to address. Due to complete formal Audit review by end of July 2026.
Operational performance		
Performance commitments	In AR26, we achieved 11 of our 20 common performance commitments. Full details on current performance can be found in the "Our 2025/26 performance" section of this document.	Our AMP8 plans are focussed on securing a significant improvement in operational performance.
S19 leakage undertakings	On 31 July 2025 we submitted our 'final' monitoring report to Ofwat regarding delivery of our Section 19 undertakings relating to leakage. We continue to keep Ofwat updated on our leakage performance through quarterly meetings.	We continue to make improvements to our operational ways of working. Our approach to tackling leakage is now consistent with industry good practice and we are continuing with our Prevent, Aware, Locate and Mend ('PALM') strategy. For more information, please refer to the RFC Section 6 Material Issues or Circumstances.
Enforcement Proceedings with the Environment Agency.	The Appointee is subject to a number of ongoing criminal proceedings (currently eight cases, five of which have been joined into a single set of proceedings) brought by the Environment Agency in respect of certain historical incidents.	The Appointee is engaging with those proceedings, in which there is disagreement in relation to the level of culpability, and the outcome of which (including in relation to sentencing) remains to be determined by the court.
Other		
UK sanctions legislation	TWUL is facing challenges in the implementation of its sanctions screening programme to its retail customer base.	A screening assurance review was completed. For more information, please refer to the RFC Section 6 Material Issues or Circumstances.

Risk and compliance statement cont'd

5. Board assurance statement

The Board of Thames Water Utilities Limited is satisfied that we have, except where otherwise detailed:

- Taken appropriate steps to understand and meet the expectations of our customers;
- A full understanding and have complied with, in all material respects, our statutory, licence and regulatory obligations;
- Appropriate systems and processes in place to identify, manage and review our material risks;
- Processes and systems of internal control to deliver our services to customers and meet our obligations; and
- Provided data and information to Ofwat which is accurate and complete in all material respects.

We also confirm that we have:

- Committed to maintain robust standards of corporate governance, following the requirements of both the UK Corporate Governance Code and Ofwat's Board Leadership, Transparency and Governance Principles (further details can be found in our ARA);
- Provided Ofwat with assurance that we have sufficient financial and management resources to enable us to carry out our regulated activities for at least the next 12 months (save as disclosed and detailed within our Ring-Fencing Certificate in this document);
- Sufficient rights and resources to enable a special administrator to run our Company if such an order were to be made (save as disclosed and detailed within our Ring-Fencing Certificate);
- Taken steps so that all trade with associated companies in the year has been at arm's length, as set out in RAG5 (Guideline for transfer pricing) and RAG 3 (Transactions with associates and the non-appointed business) as found within the disclosures section of this document;
- Maintained our investment grade credit rating (save as disclosed and detailed in the additional commentary for Table 4H of our Regulatory Accounts);
- A principles-based dividend policy in place, as detailed within the disclosures section of this document;
- Considered if the business is able to withstand various severe but plausible scenarios where operations and financing arrangements are able to continue to deliver critical customer service in the instance such adverse events materialised;
- Explained how we link Directors' pay to standards of performance as set out in section 35A of the WIA91 (further details can be found in the Directors' Remuneration Report in our ARA and Sustainability Report);
- Made our auditors aware of all relevant information (as required under the Companies Act 2006);
- Taken action so that any exceptions and weaknesses in the data and information assurance approaches have been addressed, such as through the use of external independent assurance;
- Satisfied ourselves that the assurance approaches have appropriately identified and addressed any risks to the provision of accurate and complete data; and
- Reported where we have not achieved the level of performance agreed. Further information is available within the performance section of this document.

During the course of its work, our independent auditor, PwC, is required to report if there are any material inconsistencies between the Regulatory Accounting Statements and other information contained within the Annual Performance Report; this includes the information contained within this Risk and Compliance statement.

PwC has not identified anything to report in respect of this responsibility. A copy of the Independent Auditors' Report is provided in the Regulatory Accounting section of this document. PwC has not identified anything to report in respect of this responsibility. A copy of the Independent Auditors' Report is provided in the Regulatory Accounting section of this document.

Signed by the Board of Thames Water Utilities Limited:

Sir Adrian Montague, Chairman

Chris Weston, Chief Executive Officer

Julian Gething, Chief Restructuring Officer

Steve Buck, Chief Financial Officer

Nick Land, Deputy Chairman and Senior Independent Non-Executive Director

Adam Banks, Independent Non-Executive Director

Aidan de Brunner, Independent Non-Executive Director

Andrew McNaughton, Independent Non-Executive Director

Catherine Lynn, Independent Non-Executive Director

Ian Pearson, Independent Non-Executive Director

Neil Robson, Independent Non-Executive Director

Nirmal Kotecha, Independent Non-Executive Director

Directors’ Ring-fencing Certificate

Condition P: Directors' Ring-fencing Certificate

Directors' Ring-fencing Certificate under Condition P of the Company's Instrument of Appointment

This is to certify that at their meeting on 14 July 2026, the Directors of Thames Water Utilities Limited ('the Appointee') resolved that, in their opinion, for the next 12 months and subject to the material uncertainties, issues and circumstances disclosed in the list of factors below:

- The Appointee will have available to it sufficient:
  - financial resources and facilities;
  - management resources;
  - systems of planning and internal control; and
  - rights and resources other than financial resources:

  enabling it to carry out the Regulated Activities necessary to fulfil the Appointee's obligations under the Instrument of Appointment without being dependent upon the discharge by another person of any obligation under, or arising from, any agreement or arrangement under which that other person has agreed to provide any services to the Appointee in its capacity as a Relevant Undertaker;
- The Appointee will ensure that, as far as reasonably practicable, it has available to it sufficient rights and resources other than financial resources, so that if, at any time, a special administration order were to be made in relation to it, the special administrator would be able to manage the affairs, business and property of the Appointee in accordance with the purposes of the special administration order. The Appointee notes that it is working to secure additional shareholder funding and to undertake a balance sheet restructuring but is making prudent preparation should this not occur or be sufficient;
- All contracts entered into between the Appointee and any Associated Company include the necessary provisions and requirements in respect of the standard of service to be supplied to the Appointee, to ensure that it is able to carry out the Regulated Activities; and
- Any issues or circumstances that may materially affect the Appointee's ability to carry out its Regulated Activities are noted below and/or within the Risk and Compliance Statement on page 163.

This Ring-fencing Certificate is an annual requirement under Condition P of the Instrument of Appointment (also known as the 'Licence').

The Board notes that the latest Ofwat guidance set out in IN20/01 for completion of the Ring-fencing Certificate requires the Board to state its opinion on whether the Appointee has 'sufficient' resources to deliver its regulated activities. Condition P of our Licence requires that we have 'adequate' resources in place. The Board is satisfied that its stated opinion set out above regarding the sufficiency of the Appointee's resources also addresses its Licence obligation to maintain 'adequate' resources.

In providing this opinion, the Directors have considered several factors as part of their enquiries prior to signing this certificate, including but not limited to:

1. Financial resources and facilities

- The Appointee's Final Determination for the 2025 to 2030 regulatory period which is the subject of a reference to the Competition and Markets Authority ('CMA') which remains deferred for an indefinite period from 18 March 2025;
- The Appointee's available cash resources and borrowing facilities, and taking into account the Appointee's projected net cash flow for the next 12 months from the date of signing the Ring-fencing Certificate as set out in the Annual Report and Accounts;
- The amendments to the Appointee's financial covenants and events of default in respect of such financial covenants, following the sanctioning of the Appointee's restructuring plan by the Court of Appeal on 18 February 2025, whereby such financial covenants and events of default have been substantially disapplied. For more details, see disclosures in our Annual Report and Accounts regarding compliance with applicable event of default financial covenants;
- The preparation of the Appointee's statutory accounts on a going concern basis, subject to material uncertainty, including in respect of its long-term viability as disclosed on page 56 and 160 of this report and in our Annual Report and Accounts;
- The Appointee's ongoing process to secure the required equity investment to deliver a sustainable recapitalisation for which the Appointee continues to progress a proposal from London & Valley Water ('L&VW'); and
- See section on 'Material issues or circumstances' below for further discussion and the latest position in relation to each of the above.

Condition P: Directors' Ring-fencing Certificate cont'd

2. Management resources

- The Appointee's People Strategy and People Plans which aim to secure that the Appointee has continued access, having regard to current labour market challenges in respect of recruitment and retention, to personnel which will enable it to deliver its regulatory obligations;
- The Appointee's leadership and human resources (succession) planning strategy that enable effective leadership of the organisation;
- The Appointee's learning and development programme and culture which enables its people to gain skills appropriate to their roles;
- The Appointee's recruitment, reward and recognition strategy to attract high calibre candidates and retain employees with appropriate skills and experience, which is increasingly challenging given the profile of the Appointee and the water sector in general;
- The Appointee's Management Retention Plan ('MRP'), which continues to be paused, was designed to achieve stability amongst a small number of individuals considered to be critical to both the Company's financial restructuring process and ongoing operational improvement (see section below under material issues or circumstances for further information);
- The Appointee's ongoing commitment to diversity and inclusion enables attraction and retention of diverse talent and allows it to harness the unique skills, experiences and backgrounds that each individual brings - for more detail see our Annual Report and Accounts;
- The Appointee's confirmation, as shown in our Annual Report and Accounts, of how it seeks to meet the Board leadership, transparency and governance objectives set out in its Instrument of Appointment as well as the new provisions introduced through the Water (Special Measures) Act 2025. This includes:
  - The independence of the Appointee's Board from management; and
  - Continued review of its Board committees, their scope and composition.
- The Appointee's comprehensive programme of Board and Executive meetings, the latter including performance and Transformation-focused monthly and quarterly business reviews, supported by appropriate reports and information to enable high quality decision making.

3. Systems of planning and internal control

- The Appointee's corporate risk register, enterprise risk management (including horizon scanning in relation to future changes in law or regulation) and assurance process, which reviews, monitors and reports on exposure to, and mitigating controls over, risks and uncertainties as disclosed in our Annual Report;
- The Appointee's performance in respect of its Performance Commitments as disclosed in tables 3A-J on page 93 to page 109 of this report and made reference to in the Risk and Compliance Statement on page 163;
- The Appointee's generation and use of relevant, quality information in support of the functioning of internal control;
- The Appointee's business continuity planning process, including plans for loss of people (including to address loss of skilled resource risk), corporate sites, systems (including cyber security and power resilience) and supply chain; and its ability to be resilient by anticipating, coping with, recovering from and learning from disruptive events in order to maintain and improve quality of services for its customers and protecting the natural environment both now and in the future;
- The Appointee's incident management processes in place which include incident command structure, defined roles and responsibilities, a dedicated customer incident response team and hazard briefs. These arrangements are supported by incident management training, audits, learning and Director-led incident management updates at Executive performance meetings;

Condition P: Directors' Ring-fencing Certificate cont'd

- The Appointee's strategies and processes for improving river health and reducing pollution, which is a key priority for the Appointee. Thames Water has been clear that any sewage pollution is unacceptable, no matter what the circumstances. Making the necessary changes to reduce pollution will take time and collaborative working to eliminate the different sources of pollution, many of which are not within the Appointee's control to achieve;
- The Appointee's Pollution Incident Reduction Plan ('PIRP') which was updated in March 2026 aims to reduce harm to the environment, decreasing both storm discharges and pollution incidents. The objective of its 25-year Drainage and Wastewater Management Plan is to secure for a resilient and sustainable wastewater service that is fit for the future and which reflects Defra's Storm Overflows Discharge Reduction Plan targets and the objectives of the government's Environmental Plan. See section on 'material issues or circumstances' below for further discussion on the Appointee's potential non-compliance with its environmental permits;
- The Appointee's drought planning and Water Resource Management Plan ('WRMP') processes;
- The Appointee's commitment to integrity and ethical values. Its policies to prevent fraud and other unethical behaviour, mandatory training for employees on ethical behaviours and an anonymous whistleblowing hotline which has been supported by proactive campaigning to raise awareness;
- The Appointee's ability to meet its legal obligations. Legally binding enforcement orders, undertakings, commitments and other actions in progress to address historic and current compliance risks and exceptions relating to environmental compliance, leakage, processes to comply with UK sanctions legislation and credit rating requirements are set out in the material issues or circumstances section below; and
- The Appointee's processes to monitor and improve compliance with its environmental permits, the Urban Waste Water Treatment Regulations and Section 94 of the Water Industry Act 1991 including active review and challenge by its senior management and Board. Work to address potential non-compliance with environmental obligations are set out in the material issues or circumstances section below.

4. Rights and resources other than financial resources

- The Appointee's purpose, strategy, values and behaviours, which set the 'tone from the top' and a clear direction for everyone across the business and its development of standards and practices relating to health and safety. These guide people to do the right thing, make decisions and what to do if things go wrong;
- The Appointee's digital strategy and design principles are supporting ongoing transformation of IT / OT performance and resilience through its Transformation Plan. This is underpinned by IT policies and cyber security controls which seek to secure the operation and security of the technology assets essential to service provision;
- The Appointee's integrated planning systems and continued development towards a systems thinking approach;
- The Appointee's asset maintenance policies, systems, data analytics and modelling to monitor asset health, which are helping it to act with intelligence using data from customers, operations and the environment, to make more accurate and proactive business decisions that improve performance, help to manage risk of asset deterioration and to improve the service that it provides to its customers; and
- The Appointee's insurance programmes, including terms, counterparties and cover limits, which have been reviewed by an independent insurance adviser and approved by the Board.

Condition P: Directors' Ring-fencing Certificate cont'd

5. Contracting

- The Appointee's procurement and supplier management arrangements are appropriate for the Appointee to meet its regulatory requirements, subject to limitations regarding supply chain capacity as described further within the section on material issues or circumstances below. These are enabled through a suite of contracts and supply arrangements for third party goods and services which enable the organisation to operate effectively;
- Transactions between the Appointed Business and any Associated Company being at arm's length, as made reference to in this report within the Regulatory Statements (relating to RAG5) and related party disclosures on page 157;
- The Appointee neither gives nor receives any cross-subsidy from any other business or activity; and
- The Appointee has no agreements or other legal instruments incorporating a Cross-Default Obligation without Ofwat approval.

6. Material issues or circumstances

Requirement for significant new equity and debt financing, and associated compliance risks

Context

The Appointee's shareholders (the "Kemble Shareholders") provided £500 million of new equity to the Appointee in March 2023 and in July 2023 agreed to provide a further £750 million across AMP7 subject to satisfaction of certain conditions. On 28 March 2024, the Appointee and the Kemble Shareholders announced that, based on the feedback provided by Ofwat to the Appointee at that time, the regulatory arrangements that would be expected to apply to the Appointee in AMP8 made the PR24 Business Plan uninvestible. As a result, the conditions attached to the £750 million of new equity were not satisfied at that time and the Kemble Shareholders did not provide the first £500 million of the new equity that had been anticipated in March 2024 or any subsequent new equity.

In April 2024 events of default occurred under the financing arrangements for Kemble Water Finance Limited ('KWF'), an indirect holding company of the Appointee, and KWF's financing subsidiary Thames Water (Kemble) Finance plc ('TW(K)F', together with KWF the 'Kemble Debtors'). The Kemble Debtors granted security in favour of their lenders and noteholders, including share security. The Kemble Debtors announced that they had approached their lenders and noteholders to request that they take no creditor action so as to provide a stable platform while all options are explored. Therefore, whilst the Appointee is not an obligor under such financings and the default of the Kemble Debtors does not give their creditors recourse to the Appointee, it may be subject to a change of ultimate beneficial ownership should the lenders and noteholders to the Kemble Debtors enforce such security.

Whilst Ultimate Controller Undertakings in respect of the Appointee, as required under Condition P4 of the Appointee's Instrument of Appointment, remain in place from Kemble Water Holdings Limited and the appropriate Kemble Shareholders, the future governance relationship with Kemble Water Holdings Limited and the Kemble Shareholders is uncertain and dynamic as the ongoing equity investment process and engagement with the Appointee's stakeholders continue to progress in the near-term to seek a market led solution that is in the best interests of customers, the environment, UK taxpayers and the wider economy.

PR24 Business Plan

Ofwat published its PR24 FD for the Appointee on 19 December 2024. The Appointee followed a diligent decision-making process with its Executive and Board that resulted in a unanimous decision, announced on 14 February 2025, to ask Ofwat to refer its PR24 FD to the CMA for a full redetermination. In making this decision the Appointee sought a regulatory settlement grounded in reality, reflecting the circumstances of its operating area, targets that are challenging but achievable and reflect an appropriate balance of risk and return.

The Appointee has agreed with Ofwat to defer making the CMA reference. Whilst the Appointee remains of the view that the FD does not serve the interests of Thames Water's customers, communities and the environment, making a deferral provides an opportunity for the discussions between L&VW, Ofwat, government and other regulators to continue towards unlocking a market-led solution for the recapitalisation of the Company, including through an equity raise. Given this, no deadline has been set for the end of the deferral period. However, there can be no assurance that such discussions will unlock such a market-led solution.

Condition P: Directors' Ring-fencing Certificate cont'd

Notwithstanding the CMA reference being deferred, the Appointee has continued to work on its statement of case such that it will be ready for submission if at any point in the process it determines that a CMA reference is required.

In the event of the Appointee withdrawing its agreement to a deferral of its redetermination reference and the reference being sent by Ofwat to the CMA as Ofwat is required to do, there are no prescribed appeal grounds and the CMA will make its own independent judgement as to the right outcome, based on the facts and evidence it has and any compelling arguments presented to it by any disputing company through the Statement of Case, the main party hearings or otherwise. In reaching its decision, the CMA must take into account the same statutory duties, strategic priorities and objectives (as set out in the Water Industry Act 1991) as Ofwat, including in relation to Ofwat's duty to exercise its powers in the manner which it considers is best calculated to (among other things) secure that water and sewerage undertakers are able (in particular, by securing reasonable returns on their capital) to finance the proper carrying out of their functions.

There can be no assurance that the equity process can be completed prior to the outcome of any potentially reactivated CMA referral, nor that the CMA would make a re-determination that is more investible or financeable than Ofwat's PR24 FD.

The Appointee approved its corporate business plan ('IBP25v3.1') for the period ending 31 March 2030 based on the detailed information set out in the PR24 FD.

Equity investment

In order to fund the PR24 Business Plan, the Appointee announced in 2024 that following receipt of the PR24 draft determination it would pursue all options to secure the required equity investment from new or existing shareholders. The Appointee therefore commenced an equity raise process in the Summer of 2024. The Appointee's process to raise additional equity continues alongside its deferred CMA reference having conducted a robust competitive process in respect of the market-led recapitalisation of the Appointee.

On 31 March 2025 the Appointee announced that it had selected KKR to enter the Phase 2 diligence stage of the equity process as preferred partner. Certain senior creditors in parallel progressed work on an alternative proposal to recapitalise the Appointee. Following a 10-week due diligence process, KKR confirmed in writing late on 2 June 2025 that it was not in a position to proceed, and its preferred partner status lapsed.

At the same time, the senior creditors formed London & Valley Water and submitted an advanced performance improvement turnaround plan ('PITP') alongside a proposed governance framework and adjustments to the PR24 price control and changes to the way the Appointee is regulated (together the 'L&VW Proposal').

The Appointee, L&VW, Government and regulators have engaged constructively on the L&VW Proposal over the past year and these discussions continue. The Appointee is focused on putting Thames Water on a more stable financial foundation, implementing its transformation plan and delivering a market-led solution that is in the best interests of customers, the environment, UK taxpayers and the wider economy as soon as possible.

There is no certainty that the L&VW Proposal will be accepted or that it will be finalised in its current form. At this stage, the Company's Board has made no decision to accept and take forward the L&VW Proposal to implementation and Ofwat has not launched any public consultation in respect of the regulatory measures which form part of the L&VW Proposal. Furthermore, following assessment of responses to the public consultation Ofwat may decide not to adopt the regulatory measures in whole or in part which could affect the viability of the L&VW Proposal.

The Company is also aware that it (and the UK water industry generally) face increased scrutiny from regulators and key stakeholders, including the UK Government and political parties and that there is currently a leadership election afoot in respect of the Labour Party, which is expected to lead to a change in Prime Minister. Intervention by the UK Government in the water industry, or changes in governmental policy, both of which could crystalise at any stage and in the very near term, may affect the Appointee's ability to deliver the L&VW Proposal. The Appointee has undertaken prudent contingency planning to cater for an agreement not being reached.

The Board noted as an uncertainty in its 2025 Ring-fencing Certificate that there can be no assurance that the equity raise process will raise sufficient (or any) funds for the Appointee to be able to fund its PR24 Business Plan. Whilst this uncertainty remains, the Board is encouraged and takes comfort from the progress made on the L&VW Proposal to date which supports the pathway towards recapitalisation.

Condition P: Directors' Ring-fencing Certificate cont'd

Liquidity extension

On 18 February 2025, the High Court sanctioned the Appointee's restructuring plan to extend its liquidity runway ('RP1'). On 17 March 2025, the Court of Appeal upheld the High Court decision subject to a limited modification relating to releases by Thames Water Utilities Holdings Limited and the Appointee. Following receipt of the Court of Appeal's judgment, on 25 April 2025 Charlie Maynard MP sought permission to appeal the Court of Appeal's decision to sanction the Appointee's restructuring plan. The Court of Appeal rejected such application on 16 May 2025 and Charlie Maynard MP sought permission directly from the Supreme Court, which refused permission to appeal. This means that RP1 was approved, passing another milestone to put the business on a more stable footing.

This transaction among other things, extended the maturities of all Class A Debt and Class B Debt (including amortisation payments) by two years and gave the Appointee the opportunity to obtain up to £3 billion of funding including:

- An initial tranche of £1.5 billion, which was fully drawn by the Appointee on the 9 January 2026 (excluding c. £73 million of deferred commitments);
- Capacity for a further £1.5 billion across two uncommitted tranches of £750 million, the first £750 million tranche of which was committed, together with a shortfall amount of c. £73 million, in the first quarter of 2026.

As at 31 March 2026 the Appointee had available liquidity consisting of £0.6 billion of available cash and cash equivalents and access to £0.4 billion of committed credit facilities. It also had permission to access an additional £0.7 billion of uncommitted credit facilities which shall be available to the Appointee once subscribed for by creditors. This additional liquidity will, once committed and available, fund forecast operating cashflows, capital expenditures and service debt until November 2026.

Following the commitment of the accordion funding as set out above, the total available and undeferred super senior financing is £2.25 billion, of which £1.84 billion has been drawn by Thames Water Super Senior Issuer Plc ('TWSSI') and £1.63 billion on-lent to the Appointee as at 31 March 2026. The remaining £0.41 billion committed but undrawn super senior funding was drawn down by TWSSI in June 2026 and this was drawn by the Appointee in June and July 2026. The on-loan of funds from TWSSI to the Appointee is subject to conditions including that, following 31 July 2026 any further drawings of this committed super senior funding will, unless waived, also be subject to the condition that a supported lock-up agreement is in place (with 66 2/3% of class A creditors and super senior creditors signed up) (the 'Supported LUA') for the holistic recapitalisation ('RP2') (the 'Extended June Release Condition'). As set out below, this condition has not yet been satisfied.

As at 14 July 2026, the Extended June Release Condition has not been satisfied and Thames Water continues to work in good faith to implement a recapitalisation transaction in order to satisfy the Extended June Release Condition.

The final £0.7 billion can only be requested for commitment if, among other things, three key conditions are met or waived: 30 June 2025 has passed, a Supported LUA has been entered into and is effective, and the board has made the CMA reference decision.

The Appointee expects that further liquidity in addition to the £0.7 billion will be required from November 2026 and that it will need to extend its debt maturities which fall due during the next 12 months (the earliest falling in March 2027) and extend the waivers which it has obtained under its finance documents which are scheduled to end on the date of the Company's earliest debt maturity (currently March 2027) (the 'Stable Platform Period'). The Appointee expects to launch further processes to extend its liquidity runway to increase the super senior funding (the 'Upsize'), extend relevant maturity dates falling due prior to September 2027 and extend the Stable Platform Period. Further details regarding the processes and associated uncertainty relating to extension of its liquidity runway are set out in the Appointee's Going Concern statement within its 2025/26 Annual Report and Accounts.

Extending its liquidity runway is an important step in the Appointee's process to increase its long-term financial resilience, to attract new equity into the business, restore its investment grade credit rating and address the Section 19 undertakings relating to restoration of investment grade credit ratings agreed with Ofwat in 2024 (as explained further below). Notwithstanding the progress made to date to implement a recapitalisation transaction and the continued support from the super senior creditors (as evidenced by various consents to waivers to access funding), there remains continued uncertainty regarding the satisfaction of certain conditions enabling the Appointee to access funding.

The liquidity extension will not directly affect customer bills as the cost of the liquidity extension is incorporated within the financing arrangement itself but will provide the necessary funding for the continued investment in the Appointee's network to fix pipes, upgrade its sewage treatment works, and maintain high-quality drinking water. It is Ofwat's assessment of the efficient cost of investment which is recovered from customers over time through operation of its price controls.

Condition P: Directors' Ring-fencing Certificate cont'd

The Appointee faces significant incomplete enquiries, investigations and litigation that could lead to significant fines and penalties, unfunded expenditure costs and claims in damages. The impact of these could place restraints on the financial resources available to the Appointee, potential returns to equity investors and further affect the investibility and financeability of the Appointee.

The Appointee is in ongoing discussions with its regulators about resolving any compliance issues, including agreeing appropriate remediation plans.

The Appointee has been subject to financial ratio tests which monitor interest cover and leverage. However, following the implementation of the Appointee's court-sanctioned restructuring plan, amendments have been made to the Appointee's debt documentation. The outcome of such amendments is that the Trigger Events and Events of Default relating to financial ratios are no longer applicable during the ongoing period known as the 'Stable Platform Period' whilst a recapitalisation transaction is being formulated, as set out further above.

The Appointee and the Issuer's ability to provide certain confirmations (as referred to above), reach certain milestones and secure that the Appointee has sufficient financial resources carries significant uncertainty as each of these remains contingent upon securing a deliverable, investible and financeable PR24 outcome (which may be subject to a CMA referral), securing new equity investment and completing a sustainable recapitalisation of the business.

Credit rating

TWUL does not currently hold any investment grade credit ratings and Ofwat has confirmed it is in breach of Condition P26. A package of undertakings was accepted by Ofwat in which the Appointee committed to taking all reasonable steps to address the concerns raised by its credit rating agencies and to restore two Investment Grade Ratings in line with Condition P26 of the Licence. The consultancy firm, L.E.K. Consulting, was appointed as an 'independent monitor' to review the Appointee's progress and compliance with the undertakings it made to Ofwat. Successfully restoring its investment grade credit rating is reliant on securing a deliverable, investible and financeable PR24 outcome (which may be subject to a CMA referral), securing new equity investment and completing a sustainable recapitalisation of the business. Further details on these undertakings and progress in their delivery is provided in a separate section below.

Other uncertainties and potential implications

Taking all of the financial uncertainties disclosed in this section together there can be no assurance that the equity raise process will raise sufficient (or any) funds for the Appointee to be able to fund the IBP25v3.1. In the event that the Company cannot implement the PR24 Business Plan in full, without revised regulatory arrangements, it is possible that it would over time breach the conditions of its Instrument of Appointment, the Water Industry Act 1991, its environmental permits and other legislation. These could be breached (or be likely to be breached) in such a way that would be serious enough to make it inappropriate for the Appointee to continue to hold its appointment and give rise to a ground for the Secretary of State (or Ofwat, with the consent of the Secretary of State) to petition the court for a Special Administration Order.

Any or all of these factors, or analogous factors, singularly or in combination, may lead to Special Administration.

The Board has concluded that it is reasonable to prepare the financial statements within the statutory accounts on a going concern basis having regard to the factors and material uncertainties described in the section above and as set out within the going concern disclosure within the Annual Report and Accounts.

The above factors in combination or alone could affect whether the Appointee has available to it sufficient financial resources and facilities (which in turn may have an effect on management resources and other resources) enabling it to carry out the Regulated Activities necessary to fulfil the Appointee's obligations under the Instrument of Appointment without being dependent upon the discharge by another person of any obligation under, or arising from, any agreement or arrangement under which that other person has agreed to provide any services to the Appointee in its capacity as a Relevant Undertaker.

Condition P: Directors' Ring-fencing Certificate cont'd

Transformation plan and current performance

In November 2023, the Board approved the Appointee's focused turnaround plan ('TAP2' or 'Turnaround Plan'). TAP2 had three clear objectives: (i) stabilise the business; (ii) evidence performance improvement in areas that matter most to customers and the environment; and (iii) build sustainable foundations to enable the long-term transformation of the business.

On 31 March 2025, 70% of targeted 2024/25 outcomes were reported by the Turnaround Management Office as having been met. Turnaround Plan outcomes for 2025/26 were realigned to Year 1 of the Appointee's Integrated Business Plan (IBP25v3.1), which runs from 2025 to 2030.

Building on TAP2 foundations, the Appointee has developed, operationalised, and is delivering against, a holistic AMP8 Transformation Plan to underpin delivery of the IBP25v3.1, supported by a Transformation Office. The focus of the AMP8 Transformation Plan is on 'what must be true' to deliver key attributes of the business plan across critical metrics, functional strategies (in water, wastewater and customer service), and cross-functional 'spotlights' (cross-cutting and high-risk areas including scaling capital deployment, systems planning, asset data transformation, digital enablement, and navigating the regulatory framework).

2025/26 marked the first year of the Appointee's biggest upgrade in 150 years, and momentum has been significant – the business is currently investing nearly £8 million per day in fixing and upgrading assets that matter to customers, representing close to 25% growth on an annual basis. Through these investments, nearly 85 kilometres of distribution mains were replaced. On environmental performance, the Appointee was the second-best performer in the industry on pollutions (normalised for network length), achieving an 18% reduction in Category 1-3 incidents from wastewater assets. Customer satisfaction has also begun to move, with the Appointee's score rising one place from the bottom of the industry table in the last two quarters – for the first time ever. In parallel, the Appointee has laid the groundwork for a successful AMP9, establishing a cross-functional long-term asset planning approach that is already informing investment decisions. In summary, material progress has been made in Year 1 of AMP8, and the foundations for delivery are demonstrably stronger than they were a year ago.

The Transformation Plan is supported by a robust governance and assurance approach, including CEO-led monthly Transformation Business Reviews, monthly Board reporting, and opportunity for more in-depth discussion at the Operational Oversight and Turnaround Board sub-Committee ('OOTC').

The Appointee remains focused on delivery of its priority Performance Commitments of Pollutions, Leakage, Supply Interruptions (SI) and Water Quality (CRI), as well as critical operational performance metrics (including Customer Complaints).

There were several changes in the leadership team of Thames Water throughout AMP7 and during the financial year ending 31 March 2025 eight members of the Appointee's senior leadership team resigned from the Company (which is c. 20%). The Appointee therefore introduced a MRP designed to achieve stability amongst a small number of individuals considered to be critical to both the Appointee's financial restructuring process and ongoing operational improvement, where the expectations on its leadership team have been heightened for a significant period of time (which is expected to continue for the year ahead) and whilst there is significant uncertainty regarding the future of the business.

It is essential that we identify, recruit and retain the highest calibre of talent with the skillset to deliver the transformation required for Thames Water, acknowledged as being one of the most complex turnarounds that will take at least 10 years to complete. The MRP was paused in 2025 and remains paused at the time of writing.

In September 2025, Ofwat published its Water Company Performance Report ('WCPR') for 2024/25 which assessed how well the Appointee has performed against key performance commitments. The Appointee (along with five other companies) was assessed as "lagging behind". For context, 11 companies were judged to be "average", with only one as "leading".

Details of our 2025/26 performance can be found in the performance section of this report (page 7) and in tables 3A-J on page 93 to page 109.

Condition P: Directors' Ring-fencing Certificate cont'd

Undertakings relating to credit rating

As noted above, a package of legally binding undertakings provided by the Appointee under Section 19 of the Water Industry Act 1991 was accepted by Ofwat in which the Appointee committed to taking all reasonable steps to address the concerns raised by its credit ratings agencies and to restore two Investment Grade Ratings in line with Condition P26 of the Licence. Ofwat appointed the consultancy firm, L.E.K. Consulting, as an 'independent monitor' to review the Appointee's progress and compliance with the undertakings it made to Ofwat. The monitor is expected to remain in place until at least such a time as the 'remediation objective' (being the restoration of two investment grade credit ratings) has been achieved. Since the appointment of L.E.K. as our independent monitor, we continue to engage positively and constructively with the L.E.K. team.

As required by the undertakings provided by the Appointee under Section 19 of the Water Industry Act 1991, two additional Independent Non-Executive Directors with appropriate experience were appointed to the TWUL Board and remain on the TWUL Board, such individuals being Aidan de Brunner and Neil Robson.

The Appointee considers it is taking all relevant steps to deliver its undertakings and achieve the "remediation objective", but the pathway to successfully restoring its investment grade credit rating is effectively the same as that described above in the section on financing matters and which requires attracting new equity to invest in the Appointee and securing a full recapitalisation of its business.

Leakage

Progress on reducing leakage this year has been disappointing with overall performance falling short of our internal target. Leakage in AR26 increased to 573.7 Ml/d from 569.1 Ml/d in AR25. The decline in performance can largely be attributed to the Summer 2025 drought conditions which resulted in a spike in leakage and exposed the fragility of our assets to weather conditions.

The Appointee's AMP8 leakage strategy focuses on end-to-end leakage management and is structured within the 'PALM' (prevent, aware, locate and mend) industry principles of leakage management. In its strategy, prevent and aware activities deliver leakage reduction, locate and mend activities manage true recurrence of leakage – that is leakage that breaks out every year and is a mix of hidden leaks on its water network that require detection resource, customer side leakage and visible leaks on its and its customer side.

The 'prevent' component focuses on long term sustainable improvements, such as pressure optimisation and mains replacement. The Appointee is pivoting the mains replacement programme such that leakage is the primary outcome, prioritising mains based on a matrix of mains bursts versus reported leakage. 'Aware' activities focus on visibility of telemetry to allow for a data driven approach to leakage management and demand reduction. The Appointee continues to improve its confidence levels in data quality, helping it gain visibility and targeting more leakage in the field. It has installed over 270,000 smart meters in AR26. This allows a more accurate understanding of consumption versus leakage. The programme has focused on the Thames Valley region with the implementation of a new solution that allows for smart meters to communicate without the need to construct new communication masts.

The 'locate' and 'mend' elements are focused on the detection of hidden leaks. The Appointee has increased its acoustic sensor estate to over 70,000 assets. Almost 50% of its distribution pipes are now covered by these assets, giving permanent visibility and the ability to generate alarms based on acoustic changes. These alarms help it to respond quicker to changes, and it has also embedded machine-learning into this dataset this year, with a focus on improving alarm to leak conversion rate. The Appointee continues to maintain a quality over quantity focus on leakage detection as well as reviewing its overall approach to leakage. From a repair perspective, it continues to focus on reducing cycle times through the delivery process. Find and fix activity in AR26 has delivered over 365 Ml/d of leakage savings by fixing hidden leaks, with a further 16,000 visible leaks repaired.

On 31 July 2025, the Appointee submitted to Ofwat its 'final' monitoring report regarding delivery of its Section 19 undertakings relating to leakage. It continues to keep Ofwat updated on its leakage performance through quarterly meetings, and now expects Ofwat to give consideration to the future status of these undertakings in 2026 as part of wider recapitalisation conversations.

Condition P: Directors' Ring-fencing Certificate cont'd

Environmental compliance

Our IBP25v3.1 now reflects the adoption of the company's Holistic Compliance Plan ('HCP'). The HCP is based on a gap analysis of current and anticipated AMP8 compliance risk as compared to the target of compliance with all relevant environmental and water quality regulatory requirements. A significant part of the HCP relates to capital investment in sewage treatment works ('STW') and sludge treatment centres ('STC') (across WINEP7, WINEP8, WAAP, WAAP+ and IED) and determines sequencing and timescales for STW and STC upgrades over the course of AMP8 and beyond. The HCP also includes plans to address additional material compliance risks such as abstraction and water treatment works permit compliance. The HCP forms an integral part of our AMP8 Delivery Plan.

The HCP has been incorporated into the company's integrated business plan, IBP25 v3.1 and progress against it is being closely monitored as part of that plan, and adjustments made as necessary to reflect the latest delivery profiles, risks and opportunities. For Year 1 of AMP8, we delivered 40 outputs, compared to 45 planned outputs under the wastewater HCP. For Year 2 of AMP8, the total planned outputs under HCP number 69, and the total forecasted number is currently 71 (noting that forecasts are updated on a monthly basis). The Appointee's Year 1 outturn was ahead of HCP for WINEP7 and WINEP8 but behind on WAAP schemes. Its Year 2 forecast would aim to recover this position and put it broadly in line with HCP at that point overall.

The Appointee engaged with and obtained feedback from regulators (currently, Ofwat, EA and DWI) on the HCP (and particularly on deliverability and prioritisation) during its development and progression. We held a session with the Environment Agency ('EA') on 1 December 2025 where we presented a site-by-site analysis of the HCP. This was welcomed, with a follow up request for Compliance Action Plans ('CAPs') for sites where delayed capital investment will lead to likely non-compliances with Environmental Permits. CAPs will also need to be produced for sites on the EA's list of open investigations. Many CAPs will need to be produced and kept updated in total. We submitted 5 pilot CAPs to the EA and have now received feedback to consider before production becomes "business as usual".

Through its transformation and turnaround plan the Appointee has enhanced its internal governance. This includes enhancing its approach to environmental compliance risks to further strengthen the line of sight of its environmental permit compliance risks through to the Executive Risk Committee, into the Audit, Risk and Reporting Committee and ultimately its Board.

Over the past year the Appointee has substantially strengthened and matured its 'three lines of defence' model, with clearer separation of accountability, stronger independence between the lines, and tighter integration with Internal Audit. This work has been progressed alongside Internal Audit through the development and embedding of the Environmental Compliance Framework, which now provides a clear, documented articulation of roles, responsibilities, governance and escalation routes across compliance.

A key area of improvement has been the digitalisation and expansion of the Compliance Assessment System ('CAS'). CAS has moved from a static compliance register to a central, dynamic compliance platform that provides a single, consistent view of permit compliance across the business. It now enables:

- a comprehensive view of compliance against all environmental permit requirements;
- prioritisation of risk, based on compliance status, environmental impact and severity;
- systematic tracking of actions, ownership and delivery timescales;
- ongoing integration of compliance intelligence from multiple sources (including permit assessments, EA correspondence and flow monitoring data); and
- roll up reporting from site to business and executive level, supporting proactive intervention.

Internal Audit has independently reviewed both the compliance framework and CAS implementation. Its findings have directly informed further strengthening of controls, improved system integration with the Environmental Management System, and clearer linkages between compliance performance, risk escalation and investment pathways. As a result, assurance is no longer purely retrospective, but increasingly predictive and forward looking, supporting early identification and management of environmental risk.

Taken together, these improvements mean that the Appointee now has a more mature, auditable and data driven assurance framework that supports proactive compliance management and continuous improvement.

Condition P: Directors' Ring-fencing Certificate cont'd

Spills and Storm Overflows

The Appointee has identified a number of wastewater treatment sites requiring further investment to meet the Urban Waste Water Treatment Regulations ("UWWTR") and flow to full treatment ('FFT') Environmental Permit requirements and has programmes in place to manage those requirements. Its Wastewater Asset Assurance Programme ('WAAP') includes significant investment in flow monitoring to enable it to better understand the potential risk of non-compliance at each site. Delivery of that plan and any associated corrective actions at sites has reduced the number of sites of concern at potential risk of non-compliance with the four WAAP criteria (FFT, Effluent Quality, Screening and Storm Tanks) by 44, and there remain 114 to deliver. All work will be completed by the end of AMP8 with the exception of 13 outputs forecast for completion in AMP9.

There are 115 additional sites of concern to be addressed through the WAAP+ programme. Investment of £1,044 million has been included in IBP25v3.1 for delivery of the remaining WAAP sites and costs for WAAP+ have been estimated in the region of £800 million. The Appointee has confidence that the WAAP and WAAP+ plans (which from part of the HCP) will help manage the risks of non-compliance with UWWTR and FFT permit conditions identified.

On 28 May 2025 Ofwat issued a penalty notice for £104.5 million and an enforcement order ('EO') after finding that the Appointee contravened the Urban Waste Water Treatment (England and Wales) Regulations 1994, section 94 of the Water Industry Act ('WIA91') and Condition P12 of its Licence in relation to management and operation of its wastewater treatment works and network.

As required by the EO, the Appointee submitted to Ofwat on 28 November 2025 its remediation plans for wastewater treatment works and the wastewater network, an overflow plan to minimise environmental harm from untreated discharges and a management plan to demonstrate oversight of compliance. The Appointee has received oral feedback on the plans, which it is working through whilst awaiting formal written comments. A governance process has been established to monitor progress on delivery (and with any other ongoing obligations such as reporting) and the remediation plans will be delivered through the Appointee's existing Sponsor model. Any changes made to the HCP post-Capital Allocation Review will be communicated to Ofwat.

The Appointee is required to report to Ofwat on a six-monthly basis on its progress against the requirements of the EO and publish on its website details of progress and a summary of the actions it has taken. The first report, setting out the Appointee's commitments within each of the plans, was provided on 28 November 2025, followed by a second report providing an update on delivery against these plans submitted to Ofwat on 28 May 2026. A summary of progress was also published by the Appointee on its website.

The Appointee and other industry participants remain in discussion with Ofwat concerning the implementation of section 141DA Water Industry Act 1991 which requires the publication (in near real time) of information relating to discharges from storm overflows. The Appointee has provided various information to Ofwat regarding the extent of its performance with that duty and its processes and improvement measures surrounding this. There have been discussions with Ofwat regarding the issued Ofwat guidance and some difficulties with regard to data validation. Discussion continues at a technical level with Ofwat around the measures which the Appointee proposes to use to increase compliance.

The Appointee remains subject to criminal investigation by the Environmental Agency ('EA') into potential breaches of permit conditions at its wastewater treatment works ('Operation Standard'). The EA has confirmed that Operation Standard is exempt from the commitment within the Independent Water Commission Report to resolve all pre-2021 investigations by the end of March 2026, and its investigation is therefore ongoing. We are currently unclear as to the timescales for any EA enforcement activities and what its enforcement response will be. These have the potential to impact on the Appointee's financial and non-financial resources and facilities, its management resources and its systems of planning and internal controls.

The Appointee is subject to a number of ongoing criminal proceedings (currently eight cases, five of which have been joined into a single set of proceedings) brought by the Environment Agency in respect of certain historical incidents. The Appointee is engaging with those proceedings, in which there is disagreement in relation to the level of culpability, and the outcome of which (including in relation to sentencing) remains to be determined by the court.

These matters form part of a list of open investigations which the Appointee is working with the EA to close, focusing on its proposed response through Enforcement Undertakings or CAPs (but noting that it is the EA's discretion as to what remedy it seeks to impose or accept) for each of these.

During the year, the Appointee has continued extensive, transparent and sustained engagement with the Environment Agency ('EA') on Dry Day Spills ('DDS'), extended drain down behaviour and the role of infiltration and rainfall induced infiltration in wastewater catchments. This engagement has included participation in industry Task & Finish groups, monthly retrospective reporting, formal submissions, site specific technical evidence packs, and multiple bilateral meetings with the EA.

Condition P: Directors' Ring-fencing Certificate cont'd

Despite this level of engagement, a number of regulatory uncertainties remain. In particular, the definition and treatment of DDS, non-consideration of infiltration, rainfall induced infiltration and drain down has continued to evolve during the year. This has created challenges in evidencing legitimate hydrological behaviour where extended drain down occurs, particularly for groundwater impacted catchments.

Notwithstanding these uncertainties, the Appointee has continued to strengthen its controls, reporting and assurance around DDS. Retrospective DDS reporting is now established on a regular basis, evidence packs have been developed and submitted for priority sites, and DDS risks are increasingly considered alongside wider compliance, infiltration management and long term planning activity. The Appointee has continued to work collaboratively with the EA and industry partners to seek clarity on definitions, evidence requirements and the development of a more consistent, workable methodology for assessing drain down behaviour.

Looking ahead, the Appointee remains committed to achieving regulatory compliance and to addressing DDS risk through a combination of operational management, infiltration reduction activity and longer term investment planning. It will continue to engage constructively with the EA to resolve outstanding ambiguities such that regulatory approaches appropriately reflect the hydrological realities of groundwater affected wastewater system.

Changes to the Environment Agency's reporting guidance (the Water Industry Regulation Incidents ('WIRI') Guidance) will materially alter how pollution incidents are categorised and attributed across the sector from 2026. The underlying number of incidents may not change, but the way in which incidents are attributed will. The company is engaging with the Environment Agency and Ofwat such that the implications for performance measurement and regulatory targets are properly understood, and has commenced a judicial review in respect of the Guidance, which is currently paused to allow industry discussions to continue.

The Appointee was also one of several companies subject to a collective proceedings claim in the Competition Appeal Tribunal ('CAT') alleging a breach of competition law in relation to the historic reporting of pollution incidents. On 5 March 2026, the Court of Appeal rejected an appeal by the claimant against the judgment by the CAT to dismiss a collective claim regarding alleged breach of competition law by six major UK water companies (including Thames Water) in relation to the historic reporting of pollution incidents. The claimant referred the matter to the Supreme Court on appeal and on 1 July 2026, the Supreme Court allowed the appeal. There is no indication at this stage when the appeal will be heard.

Growth and planning

The EA may object to planning applications where proposed development would discharge to sewage treatment works ('STWs') it considers to have insufficient capacity to receive additional flow. Such objections can result in political and regulatory pressure to accelerate investment in wastewater infrastructure.

The EA previously raised objections in relation to developments discharging to Swindon STW and Slough STW. The Appointee understands that whilst the EA's objection at Swindon STW has since been rescinded, it remains concerned about the cumulative impact of growth and future objections may arise, although discussions are continuing to mitigate this. At Slough STW, the Appointee has received the outcome of an Urban Pollution Monitoring ('UPM') study to inform its position in relation to the EA's objection. This assessment indicates that an objection may not be required, and the Appointee is engaging with the EA to clarify its current position. At the reporting date, the Appointee is not aware of any other live EA objections.

The Executive Committee and the Environmental Governance Board receive regular updates on sites of planning concern. Executive approval has been given for a formal process to object to planning applications where capacity constraints could result in unacceptable levels of pollution and where no funded solution is in place. The process also establishes a methodology for recommending Grampian conditions to delay occupancy where solutions have yet to be delivered.

Condition P: Directors' Ring-fencing Certificate cont'd

WINEP programme

The Appointee has been unable to deliver the full suite of schemes contained within the AMP7 WINEP in AMP7. Whilst it has completed a substantial proportion of its AMP7 programme there remain 104 schemes which will be delivered in AMP8 (and in limited instances AMP9), with work ongoing to mitigate any non-compliance risk at individual AMP7 WINEP sites. These delayed WINEP7 schemes are included within the Holistic Compliance Plan.

In its April 2024 updated PR24 business plan, the Appointee identified over £3.0 billion of WINEP investment required to meet statutory requirements from environmental legislation in AMP8. This very significant increase in investment requirements is beyond the Appointee's forecast capacity to deliver, even considering the significant ramp-up of capacity planned – partly due to limitations in the supply chain. Ofwat's FD has placed an efficiency challenge of one-sixth on this value while retaining all the scope. A Delivery Mechanism has been agreed with Ofwat, enabling funding to be unlocked for schemes not currently included as part of the Appointee's plan, provided it can demonstrate to Ofwat that it is delivering its plan on track and that additional delivery capacity has been found to enable additional schemes to be delivered. Any additional funding unlocked through this mechanism would be subject to Ofwat's assessment of efficient cost. Approximately half of the AMP8 programme is included in the delivery mechanism, with the remaining half in the main Plan. Regulatory obligations are linked to the full programme, with any non-delivery triggering non-compliance and Price Control Deliverable ('PCD') timing incentive penalties.

Some PCDs also vary the funding allowance depending on scale and type of solution delivered, mitigating some exogenous risk (e.g. for some new in-AMP requirements), but restricting cost outperformance opportunities. On 12 February 2025 Ofwat announced that it had opened an investigation under Section 18 of the Water Industry Act 1991 into Thames Water relating to the delivery of its Water Industry National Environment Programme ('WINEP7') commitments (referencing more than '100 of the 812 WINEP schemes' being flagged by the Appointee 'as not being delivered on time').

Ofwat has stated that it is investigating potential breaches of the Water Industry Act, the Urban Wastewater Treatment Regulations, and Condition P of the Instrument of Appointment in relation to these WINEP schemes. We have received and responded to three Section 203 requests for information from Ofwat as its investigation has progressed, with multiple follow up queries and meetings to discuss our position. The risk of deferral has been the subject of separate detailed disclosure as a material issue within this Certificate for the last four years (AR22 to AR25) with further information relating to the current situation provided above.

All WINEP8 schemes are included within the Holistic Compliance Plan. The Appointee is in the process of delivering these schemes but it does not currently expect to deliver the full programme by the end of AMP8 for a range of reasons, including delivery constraints resulting from an overhaul of the Appointee's capital delivery programme at the start of AMP7, significant financial pressures, costs, and supply-chain challenges.

In May 2025, the Appointee submitted its baseline delivery profile for the WINEP8 programme to the EA. In November 2025, it shared an updated view of the programme with Ofwat through its Delivery Plan submission and separately provided the EA with a list of schemes identified as being at risk of non-delivery through its Delivery Monitoring Framework submission, supported by ongoing quarterly Risk of Non-Delivery ('ROND') updates.

Where a WINEP scheme is not delivered by its regulatory due date, in the normal course of events an updated Environmental Permit condition will come into effect on the assumption that the scheme has been completed. This means that sites with delayed WINEP schemes are at significant risk of being unable to operate in accordance with their Environmental Permit conditions. Where schemes are delayed, the company is engaging constructively with the Environment Agency on revised delivery timelines and is implementing site-specific compliance action plans.

Condition P: Directors' Ring-fencing Certificate cont'd

Industrial Emissions Directive ('IED').

The Appointee supports the objectives of the Industrial Emissions Directive ('IED'). However, it has been unable to commit to meeting the requirements using Best Available Techniques ('BAT') within the timescales set by the EA (full compliance by 31 March 2025).

The Appointee continues to face issues with regard to timing, deliverability and affordability of the IED programme, both historically in AMP7 and across AMP8 (no funding was approved at PR19 for IED in AMP7). Despite ongoing conversations with regulators, the work required is much more extensive than was envisaged when IED was applied to sludge treatment facilities by the EA. The Appointee's plan for compliance with IED did not align with the deadline for full compliance stipulated by the EA of 31 March 2025.

The EA has commenced inspections against the Appointee's IED permits and is issuing non-conformances. The company is working to achieve compliance with the improvement conditions in its IED permits and is engaging with the Environment Agency on a realistic, phased delivery programme, supported by recent Planning Inspectorate decisions on timescales. While appeals have been pursued in respect of certain permits (including Reading, Maple Lodge and Bracknell, with Reading and Maple Lodge already decided), it should be noted that lodging an appeal does not suspend the operation of permit conditions. Bracknell remains the only outstanding appeal with the parties due to submit their statements of case to the Planning Inspector by 29 September 2026.

In relation to the settled appeals, the Planning Inspector's decision on Maple Lodge (on 19 December 2025) confirmed that the EA's original compliance deadlines were unrealistic and not supported by the legislation, resetting improvement condition dates to a phased programme extending into the 2030s for the site. This provides a potential precedent for other sites, and the Appointee is considering how far that decision can be relied upon to support revised compliance timelines across its wider portfolio. The EA has made it clear, however, in communications that it considers the PINS decision to be site specific.

Notwithstanding this, the EA has reserved its right to take enforcement action under the Environmental Permitting Regulations 2016 and continues to expect evidence that the Appointee is progressing towards compliance on a "best endeavours" basis, such that there remains an ongoing risk of enforcement in respect of technical non-compliance across multiple sites.

The Appointee submitted a "best endeavours" IED Delivery Plan to the EA on 31 March 2025, setting out its proposed approach to achieving compliance. While initial feedback has been received from the EA (that this was not acceptable), a fully agreed position has not yet been reached, with the EA requesting a revised Delivery Plan from the Appointee.

The Appointee developed a revised and more comprehensive "New Direction Plan", a high level summary of which was presented by the Appointee to the EA at its May 2026 quarterly meeting. This was developed into a revised Delivery Plan submitted to the EA at the end of June 2026 and will form the basis of renewed engagement with the regulator.

All IED schemes are included within the HCP. The Appointee's current IED Delivery (Best Endeavours) Plan shows only two of the 25 sites being able to achieve compliance in AMP8. The Appointee's New Direction Plan seeks to increase this to six sites by the end of the AMP and is exploring opportunities to bring further sites into compliance by 2030 and to mitigate the risks of emissions at further sites which do not have wider programme interdependencies.

Condition P: Directors' Ring-fencing Certificate cont'd

Asset resilience risk

The Appointee is committed to improving the management of asset resilience risk, to avoid asset failure and to improve its asset health.

Following development of an asset strategy aligned to its long-term vision and design of a new operating model, the Appointee has continued to develop its management systems and enhance its capability. The Appointee is managing its asset risk through investment and higher operating expenditure.

The Appointee completed its assessment of asset health in September 2023. This built on the initial top-down review from April 2023 and introduced more detailed evidence to support and update the assessment. This included the collection, organisation and categorisation of asset data, including site-specific assessment that support, and in some cases, supersede the top-down analysis. Within the Appointee's PR24 plan it presented evidence that poor asset health was having a detrimental impact on its performance and in some cases reducing the resilience of its operation. Whilst the methodology it had adopted to quantify the scale of asset health improvement needed was rejected by Ofwat, the Appointee did secure an allowance of £500 million each for water and waste; second (and in addition), £250 million was also included in the gated allowance to support the level of growth in its region, and third, £49 million was rolled over to complete the London Water Improvement Conditional Allowance programme that commenced in AMP7. This resulted in a total allowance of £1.3 billion. The first two items are subject to a 5-stage gated process with approval required by Ofwat for individual asset cohort investment.

All of the initial Gate 0 submissions (business case for the need) relating to each of the £500 million asset health improvement programmes for water and wastewater have been submitted to Ofwat and all have been approved, with conditions which will be clarified at Gate 1. We have now submitted Gate 1 papers (covering preferred solution and cost estimate) for Rising Mains, the Northern Outfall Sewer, Trunk Mains and Service Reservoirs totalling £705 million. We have also submitted a combined Gate 2/3 paper (covering detailed delivery plan and final cost estimate) for the Northern Outfall Sewer Phase 1 works. Gate 1 papers relating to Water Treatment Works, Operational Technology, and Sewer Infiltration (totalling £221m) will be submitted in the first quarter of Year 2.

Ofwat's Asset Health Roadmap continues. We provided historic financial investment data for the priority asset cohorts prior to Christmas, with work ongoing in completion of Condition Survey assessments across 370 individual assets. We are on track to submit condition assessment information for the agreed high priority assets by the end of April 2026.

Further, Ofwat is conducting an exercise with the industry to review how Asset Health is considered and measured, with a view to amending the relevant models for AMP9.

Water Quality Regulations

All products used within the process for the treatment or distribution of drinking water must pass two phases of testing and be approved by the Drinking Water Inspectorate ('DWI'), with a timescale of five years between recertification or if there are changes within the product. These requirements are detailed within Regulation 31 of the Drinking Water Regulations. The sole laboratory able to conduct the final part of the testing closed some time ago and since that time no new products have been approved. On 11 May 2026 the DWI announced that a new laboratory has been designated to undertake Regulation 31 testing, but cautioned that this will not meet the capacity for all products awaiting testing at this time. Two other commercial laboratories are still working their way through the complex accreditation process. The Appointee continues to work with industry bodies seeking a solution and is supporting an industry project for setting up a separate Water Company co-funded Regulation 31 testing facility. The Appointee is also considering building this testing process into its new laboratory facility.

Condition P: Directors' Ring-fencing Certificate cont'd

Compliance with UK Sanctions legislation

The Appointee has continued to encounter challenges in the past twelve months in relation to its implementation of a sanctions screening programme in relation to its retail customer base. Household sanctions screening was implemented in August 2025 covering those customers for whom the Appointee holds two data points (names and date of birth) to conduct screening. In November and December 2025 correspondence was received from the Office of Financial Sanctions Implementation ('OFSI') requesting information relating to a payment made by the Appointee to a sanctioned individual and a potential breach of financial sanctions by individuals residing at a property within the Thames Water region. On 12 December 2025 the Appointee shared an initial voluntary self-disclosure with OFSI to proactively notify potential breaches of reporting requirements under the General Licence for Payment to Water Companies.

In January 2026 a third-party screening SME was engaged to complete a screening assurance review. The assurance review was completed in February 2026 and confirmed the screening system implemented by the Appointee is relatively strong, efficient and relatively accurate. The report recommended that the current approach to exclude customers with no date of birth from screening is reviewed and appropriate changes to include these customers is applied. A review of options to include customers with no date of birth has been completed with approval given to progress development of a solution. The Appointee also plans to instruct an independent expert review to provide a residual risk mitigation assessment.

Geopolitical threats

We continue to operate in a heightened geopolitical climate with an ongoing war in Ukraine and a new war in Iran which commenced during 2026. Since the conflict in Iran started and the Strait of Hormuz has closed, the Appointee has monitored the rising geopolitical tension and any potential risks to resources required to deliver its regulatory obligations. It has assessed ongoing critical departmental activities in the context of the potential consequences for the Appointee and any mitigations that may need to be put in place. Various weekly calls have been set up, for example by Supply chain and Operations, which span multiple departments to resolve any related anticipated risks before they escalate, including in relation to energy and fuel costs and availability. Physical and cyber security risk are actively monitored with steps taken where deemed necessary.

Critical dependencies and diversification options, including mutual aid, have been assessed by Supply Chain for selected categories of risk, albeit the impact is anticipated to be mainly cost related as it stands currently. As the tension continues and if it further expands to the West, the Appointee will further assess the call up risk of military reserves under the Armed Forces Bill. The Appointee is continuing to monitor the situation as it evolves and to take action as necessary.

Conclusion

In addition to taking all of the above into account, the Directors:

- Procured a report from PwC, as the Appointee's auditor, stating whether they were aware of any inconsistencies between this Ring-fencing Certificate and the financial statements, or any information obtained in the course of their work; see pages 86 - 91 for PwC's audit report on the Annual Performance Report and the PwC report on the Ring-fencing Certificate which has been provided separately to Ofwat; and
- Undertook reviews and enquiries during 2025/26 of compliance with the Ring-fencing Certificate included in the 2024/25 Annual Performance Report and to identify any new matters arising, assessing the appropriateness of the factors, risk exposure and associated disclosures on an ongoing basis.

Therefore, the Directors have resolved that, in their opinion, and subject to the material uncertainties, issues and circumstances disclosed in the list of factors above, the Appointee will have available to it, for the next 12 months, sufficient resources to enable it to carry out and meet its regulatory obligations, as set out in the Company's Instrument of Appointment. The Directors will continue to formally monitor the factors quarterly during the coming 12 months.

Condition P: Directors' Ring-fencing Certificate cont'd

Board approval

This certificate was approved unanimously at the Board meeting on 14 July 2026.

Signed by the Board of Thames Water Utilities Limited:

Sir Adrian Montague, Chairman

Chris Weston, Chief Executive Officer

Julian Gething, Chief Restructuring Officer

Steve Buck, Chief Financial Officer

Nick Land, Deputy Chairman and Senior Independent Non-Executive Director

Adam Banks, Independent Non-Executive Director

Aidan de Brunner, Independent Non-Executive Director

Andrew McNaughton, Independent Non-Executive Director

Catherine Lynn, Independent Non-Executive Director

Ian Pearson, Independent Non-Executive Director

Neil Robson, Independent Non-Executive Director

Nirmal Kotecha, Independent Non-Executive Director