Thames Water Utilities Limited
Investor Report

31 March 2026

Important Notice

This report is being distributed in fulfilment of the requirements of a document, the Common Terms Agreement (the “CTA”), which governs the Company’s obligations of Thames Water Utilities Limited (“TWUL”, “Company”) to its bondholders and other financial creditors. It is directed to, and intended for, existing investors in the Company. No other persons should act or rely on it. The Company makes no representation as to the accuracy of forecast information (or any other information in this report, other than as set out in the CTA). These forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forecasts. This report should not be relied on as a guide to future performance and should not be relied on in deciding whether to undertake future investment in the Company. It should be noted that the Company’s auditors have not reviewed the information in this report. For the purposes of the financial promotions regime under the Financial Services and Markets Act 2000, this report is given on the basis of the exemption provided in article 69 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as it relates to bonds which are already admitted to trading on a relevant market).

This report should be read in conjunction with, and as a supplement to, TWUL and Thames Water Utilities Finance plc (“TWUF”) annual reports for the year ended 31 March 2026. Please refer to the Thames Water website www.thameswater.co.uk for these documents in full.

Contents

1. Overview for the year ended 31 March 2026

On 15 July 2026, Chris Weston, Chief Executive Officer, said:

"Thames Water today is a very different business from what it was two years ago. While we have a lot more to achieve, the progress we have made in turning the company around has meant we are now performing better and are in a strong position to accelerate the delivery of the biggest upgrade of our infrastructure in 150 years. This upgrade will, over time, address asset resilience issues and translate into sustained improvements in the services we provide for our customers and impact on the environment.

"The upgrade of our network requires a material and sustained increase in capital investment over the next decade. This year we invested £2.7 billion, a 20% increase over last year, as we invested over £7 million every day to modernise our water and wastewater networks. We've grown our workforce by 12% creating new jobs and vital youth employment opportunities. Our activity is supporting economic growth, boosting the UK construction industry and increasing skilled employment across London, the Thames Valley and the Home Counties. Every pound of profit is reinvested in the business to improve our performance. Customer revenue does not cover our required expenditure and our cash outflow before new debt funding was £1.1bn.

"Our transformation programme is improving operational discipline and resilience. As a result, we have seen improved performance across all areas of the company including reduced pollutions, down 18 per cent, over 88km of new pipe being laid, 1,700km of sewers cleaned and met more of Ofwat's common performance commitments. There is still more to do, particularly on environmental performance.

"While we upgrade our assets, we remain focused on supporting customers, many of whom are facing cost-of-living pressures. Last year, we supported more than 560,000 households through our WaterHelp programme, providing assistance worth £260 million, the largest programme of its type in the industry.

"While operationally the business is improving, we are also working with our creditors, regulators and government to complete our recapitalisation to restore an investment grade credit rating, lower our cost of borrowing, attract new equity, to fund our AMP8 programme and beyond.

"Thames Water is changing for the better whilst continuing to deliver 2.6 billion litres of drinking water and treating 4.3 billion litres of wastewater every day. I am very proud of what we do and grateful for the continued support of the hard-working people who are committed to improving this business every day."

Operational performance

- Met 55% (11 out of 20) of Ofwat common performance commitment targets (FY25: 38%, 5 out of 13)
- At or above average in 8 out of 12 common performance measures in Ofwat’s October 2025 Water Company Performance Report
- 18% reduction in pollutions and 27% reduction in serious pollutions (2025 vs 2024). 3rd out of 11 in the sector on a normalised basis (2024: 6th)

- 3rd lowest lost time injury rate of 11 water and sewerage companies (FY26)
- Continued improvement in leakage (15.1% lower than 2019/20 baseline, FY25 13.2%)
- 563,085 households on our WaterHelp social tariff, an increase of 38% (FY25: 408,823). £260 million affordability support provided to customers (FY25: £115 million), the largest customer support programme in the sector

Financial performance

- Progress made in improving the financial performance of the business while investing record sums in the network and working towards securing stable financial foundations through the recapitalisation process
- Record capital investment of £2,680 million, up 20% (FY25: £2,225 million)
- Net cash outflow before debt funding increased to £1,130 million (FY25: £942 million net outflow) as the increases in capital investment and net interest paid were higher than the increase in cash flow generated from our customers
- Underlying profit after tax of £204 million (FY25: £13 million), reflecting stronger underlying operating performance
- Underlying revenue of £3,616 million, up 39% (FY25: £2,603 million), largely driven by allowed tariff increases, with underlying operating profit of £1,282 million
- Net debt (statutory basis) rose to £18,516 million (FY25: £16,794), as we continued to fund the business through a combination of debt and internally generated cash flows, taking gearing to 86% (FY25: 84%)
- Regulatory Capital Value (RCV) grew to £22,725 million, largely driven by the high level of capital investment

Financial resilience

- As at 31 March 2026, the group had total liquidity of £1,038 million, comprising available cash of £551 million and £487 million of undrawn super senior loan facility.
- As at 30 June 2026, liquidity of £588 million comprised cash of £515 million and £73 million committed but undrawn from the initial super senior facility. A further £677 million of the accordion facility is available but not yet committed. With the support of our creditors, we have sufficient funding through to Q4 2026.
- We continue to work with our creditors, regulators and government to complete our recapitalisation and restore an investment grade credit rating

2. Financing our business

We finance investment in our water, wastewater and digital infrastructure through a combination of operating cash flows and external financing. Our creditors provide funding to Thames Water Super Senior Issuer plc (TWSSI) which in turn funds TWUL. TWSSI is a specialised subsidiary of the Group, created to raise super senior debt to fund TWUL. As some of the conditions to the access of this funding remain unsatisfied, TWUL has been required to seek consent from TWSSI's creditors to obtain the funding. During the year, TWSSI was provided with £1,837 million of super senior funding with net proceeds of £1,529 million advanced to TWUL towards financing our business, including our investments in our networks. £197 million of net proceeds remained.

Gearing and interest cover

The debt drawdown in the year, together with non-cash changes to the carrying value of borrowings and leases (primarily consisting of accrued interest and debt accretion) increased statutory net debt[1] to £18,516 million (£16,794 million at 31 March 2025), representing an increase of £1,722 million.

Net debt (covenant basis)[2] which excludes cash and cash equivalents in TWSSI has increased by £2,047 million to £19,772 million from £17,725 million in FY25. Senior gearing increased from 84.4% in FY25 to 86.1%.[3]

Our Regulatory Capital Value (RCV) increased to £22,725 million as at 31 March 2026 compared with £21,008 million at 31 March 2025, reflecting net capital expenditure allowances less allowed depreciation.

The ratio of operating cashflow to senior debt cash interest was 1.46x for the period to 31 March 2026 (31 March 2025: 1.09x) and the ratio of operating cash flow to Class A debt cash interest was 1.89x for the period to 31 March 2026 (31 March 2025: 1.26x).

Testing of the gearing covenant and interest cover covenants are currently suspended while we progress our recapitalisation process to improve financial resilience.

Liquidity

The Group's liquidity is supported by an initial £1,500 million super senior facility and an additional £1,500 million of super senior facility (the accordion facility).

As at 31 March 2026 TWSSI had drawn £1,427 million of the initial super senior facility, of which £1,332 million of net proceeds was passed to TWUL. £73 million remains available under this facility and may only be drawn once the accordion facility has been fully committed and utilised.

TWSSI had drawn £410 million of the accordion facility, of which £197 million of net proceeds was passed to TWUL as at 31 March 2026, with an additional £197 million of net proceeds advanced to TWUL in April 2026. A further £413 million was drawn by TWSSI under this facility on 10 June 2026, of which £192 million of net proceeds was passed to TWUL in June 2026, and £205 million of net proceeds was passed to TWUL in July 2026. The Group commenced the process of seeking commitments for the remaining £677 million of accordion facility on 16 July 2026.

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[1] Statutory net debt comprises secured bank loans and private placements (FY26: £5,840 million; FY25: £5,548 million), bonds (FY26: £12,837 million; FY25: £11,104 million), lease liability (FY26: £87 million; FY25: £53 million), interest payable on borrowings (FY26: £305 million; FY25: £324 million) and bank overdraft (FY26: £4 million; FY25: £71 million) net of cash and cash equivalents (FY26: £557 million; FY25: £306 million).

[2] Net debt (covenant basis) excludes accrued interest, amounts owed to Group undertakings, unamortised debt issuance costs and discounts, and unamortised IFRS 9 adjustment; and includes relevant derivative financial liabilities related solely to accretion on index-linked swaps and the effect of movement in foreign exchange rates on cross currency swaps held in the Group. Bank overdraft is not relevant for covenant purposes, and cash is added for covenants purposes (which is based on cash and investments in the securitisation group whereas the accounting definition adjusts for other items including cash and cash equivalents in TWSSI).

[3] Ratio of covenant senior net debt to Regulatory Capital Value (RCV), adjusted to include cash and cash equivalents in TWSSI; covenant gearing ratio, which excludes cash and cash equivalents in TWSSI, is 87.0% (FY25:84.4%)

The Group had total liquidity of £1,038 million as at 31 March 2026. This was made up of £551 million of available cash across Thames Water entities, including £197 million held in TWSSI, and £487 million of undrawn committed facilities held within TWSSI, comprising £73 million of the initial super senior facility and £414 million of the accordion facility. While certain conditions to the funding remain unsatisfied, cash held within TWSSI can only be advanced to TWUL with creditor consent.

Liquidity as at 30 June 2026 was £588 million comprising available cash of £515 million across Thames Water entities, including £206 million held in TWSSI, and £73 million of the initial super senior facility, which is committed but undrawn. In addition, as at 30 June 2026, £677 million of the accordion facility is uncommitted. With the consent of our creditors, we have sufficient funding through to at least Q4 2026.

Credit ratings

Long term rating	Corporate Family	Super Senior	Class A	Class B
Moody's	Caa3 (stable)	B2 (stable)	Ca (stable)	C (stable)
S&P	-	-	CCC (negative)	CC (negative)

Our S&P ratings are unchanged since 31 March 2025. Our super senior debt was newly rated by Moody's in September 2025 at B2 (stable), and Moody's downgraded our Class A debt rating from Caa3 (stable) to Ca (stable) on 10 July 2026.

3. Dividends

During the 12 months ended 31 March 2026 no dividends were paid to Thames Water Utilities Holdings Limited (FY25: £nil), our immediate parent company. No distributions were made in 2025/26 (FY25: £nil) to external shareholders of the Group who own shares in our ultimate parent company, Kemble Water Holdings Limited.

4. Regulatory Investigations

Environment Agency Wastewater regulatory investigation

The Company is subject to an ongoing investigation by the Environment Agency under the Environmental Permitting (England and Wales) Regulations 2016 into compliance with storm sewerage discharges in line with environmental permits. The Company is providing information requested by the Environment Agency to support with this ongoing investigation. The potential penalty for an environmental offence is a criminal conviction and an unlimited fine (in accordance with the Environmental Offences Sentencing Guidelines). The outcome of the investigation and the existence of any potential future financial obligations, or other consequences, cannot be reliably determined at this time.

Collective proceeding in the Competition Appeal Tribunal

The Group is 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. The estimated quantum of damages provided by the class representative is £159 million (the "Household Claim"). This is an industry-wide issue and five other water companies have had similar claims made against them. The certification hearing took place in September 2024 and judgment was handed down on 7 March 2025. The CAT determined that the class representative's claims are excluded by section 18(8) of the Water Industry Act 1991 and has dismissed the claim. On 28 March 2025, the class representative sought permission to appeal the CAT's judgment. The application for permission to appeal was refused by the CAT on 20 May 2025. The Proposed Class Representative (PCR) subsequently applied, on 4 June 2025, to the Court of Appeal for permission to appeal. On 26 June 2025, the Court of Appeal granted the PCR permission to appeal the judgment. In March 2026, the Court of Appeal upheld the CAT's judgement. The PCR subsequently sought permission to appeal the Court of Appeals judgement to the Supreme Court, and this was granted in June 2026. The hearing of the appeal has not yet been listed. As the claim is still at a very early stage, it is not possible to determine merits or whether this would likely have any effect on the financial position of the Group.

The following matter is not deemed to meet the criteria for recognising a provision or disclosing a contingent liability. On 20 December 2024 (before the certification judgment in the Household Claim had been handed down), the class representative wrote to TWUL and Kemble Water Holdings Limited (KWHL), indicating that it would seek to bring a similar, additional claim on behalf of non-household customers (the "Non-Household Claim"). The Non-Household Claim adopts a very similar theory of harm as the Household Claim. The class representative estimates that the claim value of the Non-Household Claim is between £44 million – £56 million (including interest). It is not yet known whether the class representative will proceed with the Non-Household Claim. As a Non-Household Claim has not been issued or served the likelihood of economic outflow related to this matter is deemed remote.

Water Industry National Environment Programme (WINEP) – EA

The Company has not completed all WINEP 7 schemes during the course of AMP7 as required. The Company has not completed all WINEP 8 schemes due in the first year of AMP8 as required. This means that new environmental permits have come into effect before the works necessary to achieve compliance with those new environmental permits have been carried out. Delayed WINEP 7/8 sites are at risk of operating outside the conditions of their environmental permits. Operating in breach of an environmental permit is a criminal offence. The potential penalty is a criminal conviction and an unlimited fine (in accordance with the Environmental Offences Sentencing Guidelines). The Environment Agency is aware of all delayed WINEP 7/8 schemes but has not, to date, taken formal enforcement action. This is not to be taken as an indication that it will not take action. The risks and consequences of formal enforcement action cannot be reliably determined at this time. Consequently, the outcome of these matters and the existence of any possible future financial consequences are not yet conclusive.

WINEP – Ofwat

Ofwat issued TWUL with a notice under section 203 of the Water Industry Act 1991 (WIA91) on 11 February 2025, requesting the production of documents and information in relation to potential delays in TWUL's delivery of the AMP7 WINEP schemes by the original PR19 delivery date and the potential effects this may have on the delivery of the AMP8 WINEP schemes. Ofwat is concerned that TWUL may have breached Condition P of its licence, in addition to Section 94 of the WIA91 and Regulations 4 and 5 of the Urban Waste Water Treatment (England & Wales)

Regulations 1994. TWUL responded to the notice on 14 March 2025. Ofwat have issued a second and third Section 203 notice in January and February 2026 respectively, seeking further evidence regarding this matter. TWUL responded to these notices in February 2026 and in March 2026. The risks and consequences of formal enforcement action cannot be reliably determined at this time. Consequently, the outcome of this matter and the existence of any possible future financial consequences of the investigation is not yet conclusive. Ofwat's regulatory enforcement powers include the potential imposition of an enforcement order, the acceptance of enforceable undertakings and/or the imposition of a financial penalty on the Company of up to 10% of annual turnover of the relevant regulated business.

Industrial Emissions Directive (IED)

The Company has not completed the works necessary to comply with the IED by the end of AMP7 as required. This means that new environmental permits have or are due to come into effect before the works necessary to achieve compliance with those new environmental permits have been carried out. IED sites are at risk of operating outside the conditions of their environmental permits. Operating in breach of an environmental permit is a criminal offence. The potential penalty is a criminal conviction and an unlimited fine (in accordance with the Environmental Offences Sentencing Guidelines). The Environment Agency is aware of all delayed IED schemes and the Company's original plans to remediate this (the IED Compliance Delivery, or Best Endeavours, Plan) but has not accepted the Best Endeavours Plan. The Company has revisited the Best Endeavours Plan and has now submitted the New Directions Plan to the Environment Agency. The Environment Agency has not, to date, taken formal enforcement action. The outcome of these matters remains uncertain. The risk and consequences of formal enforcement action cannot be reliably determined at this time. Consequently, the outcome of this matter and the existence of any possible future financial consequences from it is not yet conclusive.

5. Board changes

TWUL - New Board appointment

Steve Buck
Chief Financial Officer, Appointed in April 2025

6. Financial ratios

The number of Test Periods and forward-looking test dates varies dependent on the particular Calculation Date and certain periods may not be required for certain Calculation Dates.

Adjustments have been made to the figures referred to in the 31 March 2026 TWUL consolidated financial statements in order to arrive at the ratios below in accordance with the terms of the Common Terms Agreement.

Calculations for the 31 March 2026 ratios are included in Appendix 1.

Senior and Class A net debt breakdown of calculation – 31 March 2026

31 March 2026 (£m)	
Senior net debt per accounts	18,515.5
Less accrued interest	(305.1)
Add back unamortised debt issuance costs and discount	156.4
Add relevant derivative financial liabilities (Accretion and FX)	1,233.8
Less unamortised IFRS 9 fair value adjustment	(6.9)
Less unamortised IFRS 9 transition adjustment	(21.2)
Less bank overdraft not relevant for covenant	(3.5)
Add back cash not relevant for covenant	202.7
Senior net debt per compliance certificate	**19,771.7**

31 March 2026 (£m)	
Senior net debt per accounts	18,515.5
Less Class B debt	(995.0)
Less Super Senior debt	(1,836.5)
Less Lease Liability	(87.1)
Less accrued interest	(305.1)
Add back unamortised debt issuance costs and discount	156.4
Add relevant derivative financial liabilities (Accretion and FX)	1,233.8
Less unamortised IFRS 9 fair value adjustment	(6.9)
Less unamortised IFRS 9 transition adjustment	(21.2)
Less bank overdraft not relevant for covenant	(3.5)
Add back cash not relevant for covenant	202.7
Class A net debt per compliance certificate	**16,853.1**

We confirm that in respect of the Calculation Date on 31 March 2026, by reference to the most recent financial statements that we are obliged to deliver to you in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 4 (Covenants) to the Common Terms Agreement that the ratios are as detailed in the table below.

The ratios – TWUL

Test date	31 March 2026
Class A RAR	74.2%
Conformed Senior RAR	87.0%

We confirm that each of the above ratios has been calculated in respect of the relevant period(s) for which it is required to be calculated under the Common Terms Agreement.

We set out in Appendix 1 the computations for the ratios set out in the table above for your information.

We also confirm that

- no Default (excluding for this purpose any Trigger Event) is outstanding; and
- that TWUL's insurances are being maintained in accordance with the Common Terms Agreement.

Yours faithfully,

STEVE BUCK

Chief Financial Officer and Director
For and on behalf of
THAMES WATER UTILITIES LIMITED

CHRIS WESTON

Director
For and on behalf of
THAMES WATER UTILITIES FINANCE PLC

Appendix 1 - Financial ratio calculations

Calculation date	31 March 2026
Class A Net Indebtedness divided by	16,853.1
RCV	22,725.3
Class A RAR	**74.2%**
Senior Net Indebtedness divided by	19,771.7
RCV	22,725.3
Conformed Senior RAR	**87.0%**

Test period	1 April 2025 to 31 March 2026
Net Cash Flow divided by	1,958.9
Class A Debt Interest	548.2
Conformed Class A ICR	**3.57**
Net Cash Flow less Depreciation divided by	1,035.8
Class A Debt Interest	548.2
Additional Conformed Class A Adjusted ICR	**1.89**
Net Cash Flow less Depreciation divided by	1,035.8
Senior Debt Interest	708.0
Additional Conformed Senior Adjusted ICR	**1.46**
Year 1	1.89
Year 2	1.26
Year 3	2.17
Additional Conformed Class A Average Adjusted ICR	**1.77**
Year 1	1.46
Year 2	1.09
Year 3	1.76
Additional Conformed Senior Average Adjusted ICR	**1.44**

Thames Water