Thames Water Utilities Limited
Investor Report

30 September 2025

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”) interim report for the six months ended 30 September 2025. Please refer to the Thames Water website www.thameswater.co.uk for these documents in full.

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1. Overview for the six months ended 30 September 2025

Chris Weston, Chief Executive Officer, said:
"The first half of this year has been shaped by good progress across all areas of our operational transformation. We saw a 20% drop in pollutions and leakage performance is holding steady despite the extremely dry summer.

"Financial performance has improved with strong revenue growth, driven by the regulated price rise, good operational expenditure control, resulting in material EBITDA growth.

"We know our infrastructure requires significant investment, and that is why we have launched our Biggest Upgrade in over 150 years to improve our assets and consequently service to our customers and the environment.

"In the first six months of this financial year, we have increased capital investment by 22% to £1.3 billion compared with the same period last year.

"This investment has been funded by higher customer bills, which in turn have led to a rise in customer complaints. In response, we have increased the number of households on our social tariffs to 515,348 and launched a successful pilot that automatically enrols customers in London in financial difficulty for assistance they are entitled to, even if they are unaware of their eligibility.

"This progress has all been achieved as we also manage the recapitalisation of the business. We continue to work closely with stakeholders to secure a market-led solution that we believe is in the best interests of our customers and the environment.

"This in turn will allow the transformation of Thames to continue, a programme that will take at least a decade to complete and will restore the infrastructure and operations of the company."

Recapitalisation and financial resilience

- Significant progress in underlying performance with revenue, EBITDA and operating cashflow all up compared to last year, but our balance sheet remains weak, hence the focus on recapitalising the business.
- Our creditors have continued to provide liquidity while the process to agree the terms of recapitalisation with government and regulators is ongoing.
- At 30 September 2025, we had drawn £1.43 billion of our £1.5 billion super senior facility, with £872 million on-lent to TWUL.
- On 2 October 2025, London & Valley Water (L&VW), a large consortium of Class A Creditors, announced the submission of its proposal to the Company and Ofwat to deliver the turnaround, transformation and recapitalisation of Thames Water without recourse to taxpayers.
- Since this submission was made there have been ongoing discussions between the Company, L&VW and Ofwat designed to agree a business plan and capital structure that delivers our required recapitalisation and is supported by a regulatory framework that supports the turnaround of the Company in a way that meets the needs of all our regulators and investors and delivers on our commitments to customers and the environment.

- Longer-term, progress requires regulatory reform. We support the Independent Water Commission's recommendations and continue to work with Defra and our regulators to take this forward.

Key operational highlights

- Significant acceleration in the capital programme in the first half of 2025-26 with £1,260 million of capital invested. Up 22% year-on-year, with investment focused on fixing leaks, pollution and water quality.
- Performance across our six operational priorities:
  - Lost time injuries disappointing in the first two months of the financial year with an improvement since then (HY26: 27; HY25: 20).
  - Compliance Risk Index (CRI), good progress but missed target after a single failure at one of our largest sites (Jan-Sep 25: 3.70; Jan-Sep 24: 1.86). Excluding this, performance would be 1.30.
  - Record first quarter performance for water supply interruptions (HY26: 4 minutes 42 seconds; HY25: 3 minutes 42 seconds), finishing within target despite drought conditions in second quarter leading to twice the usual bursts.
  - Leakage reduction held steady despite the impact of the hottest summer since records began (Three-year rolling average for HY26: 584Ml/d, 13.3% decrease against 2019-20 baseline; HY25: 585 Ml/d, 13.1% decrease against 2019-20 baseline).
  - 20% reduction in pollutions (category 1-3) (Jan-Sep 25: 292; Jan-Sep 24: 364) with 15% more blockages cleared compared to last year and our pipe relining programme ahead of schedule.
  - Complaints increased, driven by the price rise (HY26: 55,158: HY25: 31,600), however water and waste complaints dropped by 11%.
  - At or above sector median performance in 8 of 12 common performance measures and among the top performers in sewer collapses, per capita consumption and leakage in Ofwat's 2024-25 Company Performance Report despite overall 'lagging' rating.
- Rated one out of four stars in the Environment Agency's 2024 Environmental Performance Assessment, predominantly due to our serious pollution performance and recognition that we were unable to deliver all of WINEP7 in AMP7 (Asset Management Period 7).
- 27% of our energy needs were covered by renewable energy that we generated on our sites (HY25: 24.5%).
- Smart meter installation programme more than doubled in size year-on-year (HY26: 129,082; HY25: 60,984)
- The London Tideway Tunnel Network diverted nearly 3 million cubic meters of sewage from spilling into the River Thames between April and September 2025, totalling over 12 million cubic metres since it went into operation.
- £133 million in affordability support provided in the first half of 2025-26 (HY25: £67 million) and becoming the first water company to automatically enrol customers onto social tariffs, taking the total to 515,348 households.
- 66,838 more households signed up to our Priority Services Register, taking the total to 673,589.

Financial performance

- Underlying revenue up 42% to £1.9 billion, primarily driven by the regulatory uplift in water and wastewater tariffs, enabling the investment necessary to improve our asset resilience, environmental performance and customer experience.
- Underlying EBITDA up 69% to £1.2 billion, primarily due to the increase in revenue but also reflecting tight control of operating costs as we execute the transformation of our business and focus on our priorities.
- Reported profit after tax of £328 million compares with a loss after tax of £190 million in the prior period, driven by the increase in underlying EBITDA combined with significantly lower exceptional costs which together more than offset lower finance income, higher interest costs on our debt and fair value losses on financial instruments.
- Capital investment was up 22% at £1.3 billion over the prior period, driven by the planned step up in investment in our AMP8 Programme to deliver on our broad range of compliance obligations, remedying poor asset performance and progressing strategic investments to secure the future supply of water for our region.
- Liquidity[1] reduced by 44% to £0.9 billion at 30 September 2025, primarily driven by capital investment.
- Senior gearing increased to 85.9%[2] at 30 September 2025, up 1.5 percentage points since 31 March 2025.
- Statutory net debt has increased by 5% to £17.6 billion as at the end of the period since 31 March 2025.

2. Financing our business

We finance investment in our water, wastewater and digital infrastructure through a combination of operating cash flows, and external financing. We have drawn down £1,427 million of super senior funding since 31 March 2025 with the net proceeds of £794 million advanced by TWSSI to TWUL and £538 million of net proceeds remaining within TWSSI as at 30 September 2025.

After the period end, creditor consent was sought for an internal drawdown of £321 million principal from TWSSI to TWUL. Following confirmation of creditor consent, net proceeds of £311 million were received by TWUL on 25 November 2025.

Gearing and interest cover

The net cash inflow for the first half, 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 to £17,627 million, representing an increase of £833 million since 31 March 2025 and a £1,829 million increase since the comparative period ended 30 September 2024. Net debt on a covenant basis was £19,337 million at 30 September 2025, and if cash held within Thames Water Super Senior Issuer plc (TWSSI) was taken into account, the adjusted covenant net debt was £18,798 million. This compares to net debt on a covenant basis as at 31 March 2025 of £17,725 million, when nil cash was held within TWSSI.

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[1] Liquidity is cash and available undrawn debt facilities. As at 30 September 2025 there were no available undrawn debt facilities. Included in this value is £539 million held in TWSSI which is only available to TWUL subject to creditor consent and therefore this cash is not immediately accessible as at 30 September 2025.

[2] Ratio of covenant senior net debt to Regulatory Capital Value (RCV), adjusted for cash in Thames Water Super Senior Issuer plc (TWSSI) unadjusted covenant senior net debt is 88.3% (2024: 84.2%)

The six months increase in net debt of £833 million was accompanied by a £884 million increase in Regulatory Capital Value to £21,893 million as at 30 September 2025. This resulted in senior gearing (covenant basis) net of TWSSI cash holdings increasing to 85.9% (88.3% excluding TWSSI cash holdings). Testing of the gearing covenant is currently suspended while we progress our equity raise process and a holistic recapitalisation to improve financial resilience.

Liquidity

As at 30 September 2025, the Group had total liquidity of £862 million comprising available cash in TWUL of £321 million, TWSSI of £539 million and TWUF of £2 million. The cash held in TWSSI can only be on-lent to TWUL with creditor consent. As part of the court sanctioned restructuring TWSSI is permitted to raise a further £1,500 million of funding through two £750 million accordion facilities, and £73 million of the initial £1,500 million facility has not yet been drawn and is only available for drawing once the further £1,500 million of funding has been drawn. Liquidity as at 30 November 2025 was £787 million comprising available cash in TWUL of £555 million, TWSSI of £230 million and TWUF of £2 million.

Credit ratings

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

Our ratings are unchanged since 31 March 2025, except that our Super Senior debt has been newly rated by Moody's in September 2025 at B2.

3. Dividends

During the six months ended 30 September 2025 (six months ended 30 September 2024: £nil), no dividends were paid to Thames Water Utilities Holdings Limited, our immediate parent company. No distributions were made 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 judgement 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 judgement. 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 judgement. The hearing of the appeal has been listed to take place on 11 and 12 February 2026. 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.

On 20 December 2024 (before the certification judgement 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, in light of the Tribunal's judgement in the Household Claim, 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. 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 sites are at risk of operating without 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 schemes but has not, to date, taken formal enforcement action. This is not to be taken as an indication that it won't take action. 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 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 and is currently awaiting a response from Ofwat. 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 outwith 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 plans to remediate this (the IED Compliance Delivery, or Best Endeavours, Plan) but has not, to date, provided comprehensive feedback on the Compliance Delivery Plan or taken formal enforcement action. This is not to be taken as an indication that it won't take action. 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 of the investigation 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 30 September 2025 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 30 September 2025 ratios are included in Appendix 1.

Senior and Class A net debt breakdown of calculation – 30 September 2025

30 September 2025 (£m)	
Senior net debt per accounts	17,626.9
Less accrued interest	(257.8)
Add back unamortised debt issuance costs and discount	165.3
Add relevant derivative financial liabilities (Accretion and FX)	1,288.0
Less unamortised IFRS 9 fair value adjustment	(5.6)
Less unamortised IFRS 9 transition adjustment	(21.5)
Less bank overdraft not relevant for covenant	(5.7)
Add back cash not relevant for covenant	547.2
Senior net debt per compliance certificate	**19,336.8**

30 September 2025 (£m)	
Senior net debt per accounts	17,626.9
Less Class B debt	(995.0)
Less Super Senior debt	(1,426.5)
Less Lease Liability	(51.0)
Less accrued interest	(257.8)
Add back unamortised debt issuance costs and discount	165.3
Add relevant derivative financial liabilities (Accretion and FX)	1,288.0
Less unamortised IFRS 9 fair value adjustment	(5.6)
Less unamortised IFRS 9 transition adjustment	(21.5)
Less bank overdraft not relevant for covenant	(5.7)
Add back cash not relevant for covenant	547.2
Class A net debt per compliance certificate	**16,864.3**

We confirm that in respect of the Calculation Date on 30 September 2025, 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	30 September 2025
Class A RAR	77.0%
Conformed Senior RAR	88.3%

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	30 September 2025
Class A Net Indebtedness divided by	16,864.3
RCV	21,892.8
Class A RAR	**77.0%**
Senior Net Indebtedness divided by	19,336.8
RCV	21,892.8
Conformed Senior RAR	**88.3%**

Thames Water