Investor Report and Compliance Certificate

For the SWS Financing Group

For the period ended 31 March 2025

Confidential

Important Notice

This report is being distributed in fulfilment of a finance document, the Common Terms Agreement. 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. 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 information in this report has not been reviewed by the company's auditors.

Investor Report

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General overview and business update

This Investor Report is updated for the period ended 31st March 2025. The Investor Report is a requirement of the Common Terms Agreement (CTA), which governs the company's obligations to its lenders and investors.

Projected financial ratios are published for the PR24 / AMP8 period from April 2025 to March 2030, and include additional interest cover ratios to maintain the effectiveness of financial ratios following regulatory building block changes from the previous PR14 (AMP6) price determination. In addition the final year of AMP7 is shown here.

Significant events during the period ended 31 March 2025

This year concluded the final part of our turnaround plan which has delivered a large step change in results and delivered some real improvements in a number of areas. Further details can be found here (https://www.southernwater.co.uk/about-us/our-plans/turnaround-plan/)
In addition Ofwat released their Final Determination in December 2024 which the company is now appealing against on certain aspects, with a draft CMA update due in September 2025 and final decisions are expected in January 2026.
The year has been characterised yet again by extreme weather which has been a constant source of issue and the persistant wet weather has continued into the early part of the year which resulted in increased costs in dealing with associated ground water flooding and other impacts. In addition we had a number of supply disruptions which resulted in additional costs.

As reported in our Annual Report last year, this period of additional spend and investment has put pressure on our debt covenant ratios and credit ratings. We remain in a credit rating Trigger Event following the downgrade by Fitch of our credit rating to BBB (negative outlook) in July 2023 and an Interest Cover Ratio Trigger Event. We remain in Trigger as at 31 March 2025.

General levels of service

Customer

Throughout the year, we encountered several major challenges including extreme weather events and water supply disruptions. These incidents had an impact on services and negatively influenced customer perceptions. This resulted in our C-MeX ranking remaining at 16th out of 17 water companies.When we launched our turnaround in 2023, our customer service systems were outdated. Since then, we've made significant strides in modernising both our systems and processes. We redesigned our web forms to encourage direct customer contact and launched a simplified, mobile-friendly website to make information more accessible. Our new job management system has improved visibility for operational teams, enabling faster response times and better service delivery.We've also focused on reducing customer complaints by proactively engaging with customers that contact us.
Digital innovation continues to play a key role in our transformation. Our virtual inspector tool, launched in June 2024, allows customers to resolve water issues via a real-time video link. We've also enhanced our incident map to provide near real-time updates on local service issues, improving transparency and trust.
To further improve service delivery, we've brought in new delivery partners for major construction and wastewater maintenance projects, which began in April 2025. We've now rolled out our customer promise training and co-located teams, improving the customer journey.We expanded our education programmes and continued community engagement through initiatives like our Your Water Matters customer drop-in sessions. This interaction with customers allows us to gather feedback as well as share information about our services and plans. To reduce the impact of rising bills, we introduced automatic enrolment onto our social tariff and a benefits maximisation tool — extending support to 30,000 additional customers. We also increased our Hardship Fund and the number of people receiving support through our Priority Services Register.

Our D-MeX score – the Developer Services Measure of satisfaction – is 83.75, putting us in 14th place out of the 17 water and wastewater companies (2024: 16th). This means we've moved up two places from last year's ranking, however, we are still forecast to incur a penalty of £2.39 million. The score is made up of two measurements, these are the number of jobs completed with industry Service Level Agreements, and the results of a carried out by Water UK for a subsection of our customers.

Operational performance

As mentioned earlier, the region continued to be plagued by wet weather conditions and this had a significant impact on operating costs and cashflows. Within our operating cashflows there is £37m attributed to the cost of dealing with the assocated impacts of flooding and high ground water levels in the earlier part of the year as well as costs of dealing with a major water outage incident at Hastings also earlier in the period and some residual costs associated with the cyber incident from early 2024. Included in the £37m are also costs related to our Pathfinder projects which alhough charged as opex are enhancement costs in nature.

Despite these additional costs, with the benefit of increased revenues EBITDA increased by 17.4% to £351.1m. Operating cash improved to £271m and the group closed the year having a cash position of £715.4m.

Please see the Annual Financial Statement for the period ended 31 March 2025 for more information. This can be found on the southernwater.co.uk website.

Financial performance for the year ended 31 March 2025

Accounts are prepared under IFRS (FRS101).

Period end 31st March 2025	2024 £m	2025 £m	*Change %*
Revenue	888.3	994.3	*10.7*
Operating costs	-598.3	-643.2	*-7.0*
EBITDA	**290**	**351.1**	***17.4***
Depreciation & amortisation	-362.8	-368.5	
Non-operating income	0.5	0.8	
Net finance costs	-248.3	-243.5	
Fair value movement	88.1	170.7	
Loss before tax	**-232.5**	**-89.4**	
Tax	2.9	-9.6	
Loss after tax	**-229.6**	**-99.0**	

CHP income treated as revenue and includes other operating income and incls regulatory settlement and adoption income (the latter 2 items are non cash in nature)

Financing

By way of a reminder, funds managed by Macquarie Asset Management acquired a majority stake in our ultimate parent company, Greensands Holdings Limited, on 08 September 2021. This acquisition resulted in an equity injection into the Greensands Group of over £1 billion. These funds were in part used to settle some external debt obligations in companies in the Greensands Group, resulting in £529.9 million being invested in Southern Water Services through new equity and the settlement of an inter-company debtor and associated accrued interest.

To maintain momentum on our Turnaround Plan we engaged with shareholders on an additional £550 million of new equity funds for the group. This process concluded in October 2023 and the proceeds were received with £375 million of that new equity being injected into Southern Water.
On 1 July 2025, Southern Water announced that it had secured an offer of equity support from a consortium led by funds managed by Macquarie Asset Management to support its AMP8 investment programme, comprising a legally binding equity commitment of £655 million (the "Initial AMP8 Equity Commitment") provided on the terms of an equity commitment letter and confirmation of intent to provide further equity commitments of up to a further £545 million - and with a minimum of £245 million - by December 2025. The Initial AMP8 Equity Commitment is subject to the satisfaction of a number of conditions including the removal of the rating agency downgrade event of default in the CTA Creditors under the Security Trust and Intercreditor Deed which were solicited under a STID Proposal dated 8 July 2025 and for which Majority Creditor approval was obtained on 28 July 2025.

Liquidity now as at 31 March 2025 comprises £715.4 million of cash in the, DSPA, capex reserve and operating accounts (including £27.5m of drawings from the Debt Service Reserve and O&M Reserve accounts and cash on account) and inclusive of the £350 million drawn RCF. In addition there is £162.5m million of unused standstill facilities and standstill cash reserves.

On 1 April 2025 Southern Water made changes to some of its financial derivatives. The break clause in a swap with a notional value of £92.1 million was extended from November 2025 to June 2026 and accretion payments due in March 26 associated with various swaps were extended to June 2026. On the same date Southern Water agreed an £800.0 million of additional committed liquidity under which certain investors agreed to underwrite, subject to the satisfaction of customary conditions precedent, the issue of new Class A Unwrapped Bonds. In addition, on 8 July 2025 Southern Water confirmed that it had arranged further committed liquidity on similar terms for a further underwrite of £675.0 million of new Class A Unwrapped Bonds. On 9 July 2025, Southern Water issued a further STID Proposal requesting the consent of the Majority Creditors to waive the existing rating requirement under the Conditions Precedent Agreement for the issuance of any new Class A Unwrapped Bonds up until the date in November in which the Southern Water receives the Initial AMP8 Equity Commitment at which point the rating requirement in the Conditions Precedent Agreement will be deleted. The STID Proposal was passed on 29 July 2025.

Credit rating	
Standard & Poor's	Class A debt: BBB-
Fitch	Class A debt: BBB-
Moody's	Class A debt: Ba1

The credit rating for Moody's moved to Ba1 in October 2024 and has been affirmed by them as Stable in July 2025. Fitch published their updated rating in November 2024 with a downgrade to BBB- and this has since been affirmed as stable in April 2025. S&P also published a rating in November 2024 which was a downgrade to BBB- on credit watch negative and has since extended the credit watch negative period in their latest review in July 2025, to November 2025 pending equity injection.

As a result of the Fitch downgrade to BBB in July 2023 this credit rating downgrade has resulted in a Trigger Event under our Common Terms Agreement (A Trigger Event would occur if any two of the credit ratings fall to BBB or Baa2) which in turn would restrict the payment of dividend (a STID approval was secured in February 2021 to provide the ability to raise certain permitted financial indebtendess during a credit rating downgrade Trigger Event and has been extending this through a further STID Proposal approved in August 2023). A cash lock-up under our Licence of Appointment would occur if SWS has a credit rating with any of the rating agencies of Baa3/BBB- (negative outlook) or lower.

Dividend and Financing Policy

Our dividend policy is formulated to ensure a fair balance of reward between customers and investors. To deliver on our vision for the successful delivery of our Business Plan for 2020–25, all stakeholders must share in success: customers benefitting through enhanced service and lower bills, and shareholders earning a fair return.
When proposing payment of a dividend the Directors of Southern Water Services Limited, acting independently in accordance with their directors' duties and in accordance with the Company's Licence, will apply the following principles:
1. Determination of a base level of dividend, based on an equity return consistent with our most recent Final Determination and our actual level of gearing. This recognises our management of economic risks and capital employed.
2. In assessing any adjustment to the base level of dividend, we will take into account our financial and non-financial performance. This would reflect our overall financial performance as compared to the final Business Plan for 2020–25 as agreed by Ofwat and would explicitly consider a qualitative assessment of customer service levels and how customers share in our successes.
3. We will consider our financial resilience ahead of any dividend decision, and whether any financial outperformance should be re-invested to benefit our customers. This consideration will also include taking into account the interests of our employees, other stakeholders, and our pension schemes.
Our dividend policy is intended to support the financial resilience and investment grade credit ratings of the business and ensure continued access to diversified sources of finance. As part of step three we carry out an assessment of:
   a) headroom under debt covenants
   b) the impact on the company's credit rating
   c) the liquidity position and ability to fulfil licence conditions
   d) key areas of business risk.
4. We will be transparent in the payment of dividends and will clearly justify the payment in relation to the factors outlined above.
5. We will publish our Dividend Policy annually (as part of the Annual Report), and highlight any changes.

Board membership (of Southern Water Services Ltd) as at 31 March 2025

Keith Lough (Chairman)
Lawrence Gosden (Chief Executive Officer, appointed 01 July 2022)
Stuart Ledger (Chief Financial Officer, appointed 3 Jan 2023)
Malcolm Cooper (Independent Non-executive Director)
Christele Delbe (Independent Non-executive Director)
Kerensa Jennings (Independent Non-executive Director)
William Price (Non-executive Director)
Stephen Fraser (Non-executive Director)
Neil Corrigall (Non-executive Director)
Neil Mcarthur (Independent Non-executive Director -appointed Oct 2024)
Richard Manning (Company Secretary)

Please see southernwater website for current Board membership

Ultimate parent company

The ultimate parent company at 31st March 2025 was Greensands Holdings Ltd. On 4 July 2025, Sandstone Bidco Limited acquired the issued share capital of Greensands Junior Finance Limited and Southern Water (Greensands) Financing plc from Greensands (UK) Limited, becoming the new ultimate indirect UK holding company of Southern Water, replacing Greensands Holdings Limited, the previous ultimate UK holding company.

Financial ratios

As required by the CTA, financial ratios are reported up to the end of the current five year regulatory period. The forecasts used to generate the financial ratios are derived from the SWS Business Financial Model and are in the format specified by the CTA.

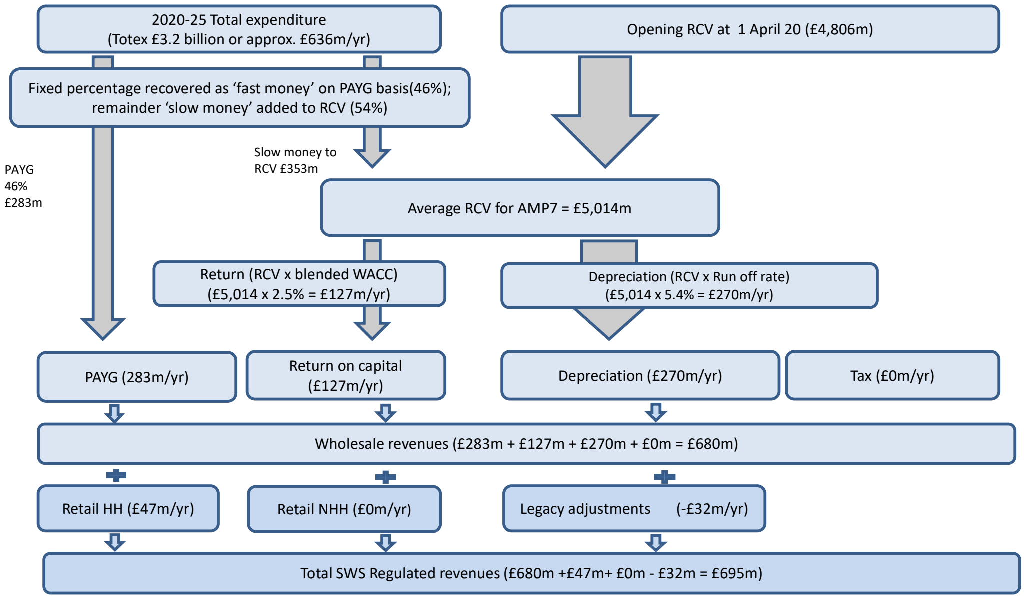
The business continues to pursue operational and other efficiencies in the normal course of business to mitigate operational and inflationary pressures on current expenditure while also preparing plans for additional investment to meet capital intensive activity

New interest cover ratios have been included (page 17) as a result of regulatory and accounting changes from the PR14 / AMP6 period. A total expenditure assessment was also introduced ('Totex'), with a recovery of 'fast money' through revenues, and 'slow money' added to the RCV.

Pages 10 and 11 of this report provide an overview of the regulatory building blocks for PR19, the foundation for the structure of debt covenant ratios. Pages 18 and 19 provide a comparison of the PR19 totex with the forecast level of operating and capital expenditure, and a reconciliation to the net operating cash flow input to the interest cover ratios.

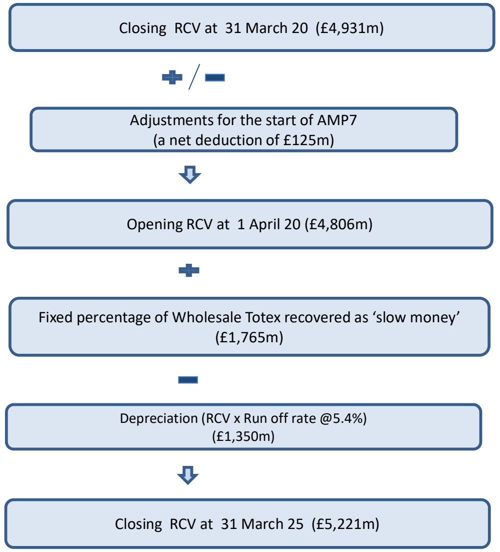
Inflation forecasts are based upon the HMT published forecasts. RPI and CPIH year-on-year change at March 2025 was 3.21% and 3.41% respectively. Inflation forecasts used are; 2025-26, RPI 3.3% CPIH 2.30% + 70bps spread when comparing to historical data (3.00% total); 2026-27, RPI 2.80% and CPIH 2.10% + 40bps spread when comparing to forecasted data (2.50% total). HMT do not forecast CPIH.

An illustration of the Totex approach to cost recovery for AMP7 (the 'revenue building blocks'). 2017/18 prices



Note: Values stated are rounded average annual values used to illustrate the totex approach to cost recovery, rather than determined annual values

An illustration of the construction of the RCV for AMP7. 2017/18 prices



Consolidated cashflow

Ref.		31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2027 £m	31 Mar 2028 £m	31 Mar 2029 £m	31 Mar 2030 £m
	Revenue						
1	Appointed	924.5	1311.8	1487.6	1525.3	1624.3	1741.2
2	Non Appointed	10.8	10.3	10.6	10.9	11.1	11.4
	Operating Costs						
3	Appointed	615.8	699.9	675.7	652.0	642.7	626.6
4	Non Appointed	8.2	8.4	8.6	8.9	9.1	9.3
	Exceptional item *	45.5	15.0	0.0	0.0	0.0	0.0
5	Net Capital Expenditure (inc Disposals of Assets)	792.7	1249.8	1621.4	1515.7	1419.1	1212.6
	Annual Finance Charge	97.5	192.0	185.6	290.3	347.9	411.5
6	Taxation	0.0	0.0	0.0	0.0	0.0	0.0
	Payments on Subordinated Debt and Distributions	0.0	0.0	0.0	0.0	0.0	0.0
	Net cash flow before financing	-624.5	-842.9	-993.2	-930.6	-783.4	-507.4
	Proceeds from new equity for SWS	0.0	900.0	300.0	0.0	0.0	0.0
	Net proceeds from new financing	413.3	800.0	850.0	950.0	1550.0	600.0
	Drawings from RCF	350.0	0.0	-350.0	0.0	0.0	0.0
	Debt repayments	-21.6	-357.0	-300.0	0.0	-725.0	0.0
	Swap accretion payments	-14.5	-112.1	-409.3	-14.8	0.0	-9.2
	Debt Fees	-17.2	-42.8	-13.0	-15.3	-12.9	-6.0
	Movement on DSPA	0.0	0.0	0.0	0.0	0.0	0.0
	Net cash reserves movement after financing	85.5	345.2	-915.4	-10.7	28.7	77.4

* 24-25 exceptionals are the cashflow impact of the items mentioned in the operational performance section plus £8.5m items in working capital that are capex in nature.

Annual Finance Charge

Ref.		31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2027 £m	31 Mar 2028 £m	31 Mar 2029 £m	31 Mar 2030 £m
	Class A debt interest paid	128.5	223.7	233.8	305.7	363.4	428.7
	Class B debt interest	0.0	0.0	0.0	0.0	0.0	0.0
	Interest income	29.1	30.7	46.8	6.6	6.3	7.8
	Class A Facilities commitment fees	1.8	1.0	1.5	8.8**	9.1**	9.4**
7	Class A Debt Interest	97.5	192.0	185.6	290.3	347.9	411.5
8	Senior Debt Interest	97.5	192.0	185.6	290.3	347.9	411.5
	Annual Finance Charge	97.5	192.0	185.6	290.3	347.9	411.5
	Monthly Payment Amount *	8.0	16.0	15.5	24.2	29.0	34.3

* Monthly payment amount is stated gross and reduced by interest received in the Debt Service Payment Account

Class A Debt Interest is the sum of interest paid, interest income and commitment and monoline fees.

** 2028 onwards includes fees relating to increases in facility requirements

Cash accounts and reserves

Ref.		31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2027 £m	31 Mar 2028 £m	31 Mar 2029 £m	31 Mar 2030 £m
	SWS O&M Reserve account						
	Opening balance	13.0	28.0	28.0	28.0	28.0	28.0
	Cash transferred	15.0	0.0	0.0	0.0	0.0	0.0
	Closing balance	28.0	28.0	28.0	28.0	28.0	28.0
	Capex Reserve account						
	Opening balance	0.1	139.9	0.0	0.0	0.0	0.0
	Cash transferred	139.8	-139.9	0.0	0.0	0.0	0.0
	Closing balance	139.9	0.0	0.0	0.0	0.0	0.0
	Debt Service Payment account						
	Opening balance	117.1	161.0	161.0	111.0	100.0	100.0
	Cash transferred	44.0	0.0	-50.0	-11.0	0.0	77.4
	Closing balance	161.0	161.0	111.0	100.0	100.0	177.4
	SWS Operating accounts						
	Opening balance	499.3	386.0	871.1	5.7	5.9	34.6
	Cash transferred	-113.3	485.0	-865.4	0.3	28.7	0.0
	Closing balance	386.0	871.1	5.7	5.9	34.6	34.6
	Total Cash Balances						
	Opening balance	629.5	714.9	1060.1	144.7	134.0	162.7
	Cash transferred	85.5	345.2	-915.4	-10.7	28.7	77.4
9	Closing balance	714.9	1060.1	144.7	134.0	162.7	240.0

For forecasting purposes all cash is assumed to flow through to central accounts, although in reality this may differ.

Bonds, Authorised Loan Facilities and Leases

Ref.			31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2027 £m	31 Mar 2028 £m	31 Mar 2029 £m	31 Mar 2030 £m
	*	Senior £350m A1 6.192% Fixed Rate Bonds due 2029	350.0	350.0	350.0	350.0	0.0	0.0
	*	£150m A2a 3.706% Index-linked Bonds due 2034	326.2	336.4	346.5	357.1	368.3	379.7
	*	£35m A2b 3.706% Limited Index Bonds due 2034	67.3	70.7	72.8	75.0	77.3	79.7
		£350m A4 6.64% Fixed Rate Bonds due 2026	350.0	0.0	0.0	0.0	0.0	0.0
		£150m A5 3.816% Index-linked Bonds due 2023	0.0	0.0	0.0	0.0	0.0	0.0
	*	£350m A7 5.0% Fixed Rate Bonds due 2021	0.0	0.0	0.0	0.0	0.0	0.0
	*	£150m A8 5.0% Fixed Rate Bonds due 2041	150.0	150.0	150.0	150.0	150.0	150.0
	*	£200m A9 4.5% Fixed Rate Bonds due 2052	200.0	200.0	200.0	200.0	200.0	200.0
	*	£300m A10 5.125% Fixed Rate Bonds due 2056	300.0	300.0	300.0	300.0	300.0	300.0
		£375m A12 2.375% Fixed Rate Bonds due 2028	375.0	375.0	375.0	375.0	0.0	0.0
		£450m A13 3.000% Fixed Rate Bonds due 2037	450.0	450.0	450.0	450.0	450.0	450.0
		£300m A14 1.625% Fixed Rate Bonds due 2027	300.0	300.0	0.0	0.0	0.0	0.0
		£450m A15 7.375% Fixed Rate Bonds due 2041	450.0	450.0	450.0	450.0	450.0	450.0
		£72m A16 3.315% Index Linked Bonds due 2043	74.6	77.0	78.9	80.9	82.9	85.0
		£20m A17 4.123% Index Linked Bonds due 2043	20.7	21.4	21.9	22.5	23.0	23.6
		£550m A18 7.000% Fixed Rate Bonds due 2040	550.0	550.0	550.0	550.0	550.0	550.0
		Bond Taps in May 24- to be funged into A15 A18	150.0	150.0	150.0	150.0	150.0	150.0
		£300m A19 7.750% Fixed Rate Bonds due 2031	300.0	300.0	300.0	300.0	300.0	300.0
		RPI accretion on Index-Linked swaps	447.3	440.4	129.6	209.8	297.7	378.7
	*	£165m Artesian 4.076% Index-linked Bonds due 2033	358.9	370.1	381.2	392.8	405.1	417.7
	*	£156m Artesian 3.635% Index-linked Bonds due 2032	332.1	342.5	352.8	363.5	374.9	386.5
		£100m EIB Index Linked loan due 2025	6.8	0.0	0.0	0.0	0.0	0.0
		£250m USPP Fixed Rate Loan due 2031 / 2036	250.0	250.0	250.0	250.0	250.0	250.0
	**	New cash required	0.0	800.0	1650.0	2608.5	4176.7	4809.8
		Drawings under the Revolving Credit Facility	350.0	350.0	0.0	0.0	0.0	0.0
		Drawings under the DSR Liquidity Facility	14.5	14.5	14.5	14.5	14.5	14.5
		Drawings under the O&M Liquidity Facility	13.0	13.0	13.0	13.0	13.0	13.0
		Finance Leases (FRS16)	43.0	44.1	43.5	38.7	36.3	43.9
		Bridge Facility	0.0	0.0	0.0	0.0	0.0	0.0
		Class A Indebtedness	6,229.5	6,705.1	6,629.8	7,701.3	8,669.8	9,432.2
		Senior Indebtedness	6,229.5	6,705.1	6,629.8	7,701.3	8,669.8	9,432.2
10		Class A Net Indebtedness	5,514.6	5,645.0	6,485.1	7,567.3	8,507.2	9,192.2
11		Senior Net Indebtedness	5,514.6	5,645.0	6,485.1	7,567.3	8,507.2	9,192.2
		Nominal value of fixed rate debt swapped to Index-linked	1,716.6	1,716.6	1,716.6	1,716.6	1,316.6	1,316.6

* Wrapped by AG

** 'New cash required' is a notional class of debt included to forecast compliance ratios correctly. This is not an attempt to forecast the actual quantum, mix, cost and timing of future financing.

Interest Cover Ratios - Original format

		Trigger	Default	31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2027 £m	31 Mar 2028 £m	31 Mar 2029 £m	31 Mar 2030 £m
A	Net Appointed Income (1+3+6)			308.6	585.6	784.9	845.6	953.1	1085.4
B	Net Total Income (1+2+3+4+6)			311.3	587.5	786.8	847.6	955.2	1087.5
C	Depreciation (CCD & IRC)			0.0	0.0	0.0	0.0	0.0	0.0
D	Class A Debt interest (7)			97.5	192.0	185.6	290.3	347.9	411.5
E	Senior Debt interest (8)			97.5	192.0	185.6	290.3	347.9	411.5
F	Period end VAT debtor			22.5	28.7	33.1	31.4	27.3	24.8
G	Capital Maintenance (MNI & IRE)			219.4					
Class A Adjusted ICR									
	Historic: (B-C+F)/D Projected: (A-C+F)/D	1.3	N/A	3.4	3.2	4.4	3.0	2.8	2.7
Class A Average ICR		1.4	N/A	3.4	3.5	3.4	2.8	2.8	2.7
Senior Adjusted ICR									
	Historic: (B-C+F)/E Projected: (A-C+F)/E	1.1	N/A	3.4	3.2	4.4	3.0	2.8	2.7
Senior Average Adjusted ICR		1.2	N/A	3.4	3.5	3.4	2.8	2.8	2.7
Class A ICR									
	Historic: (B+F)/D Projected: (A+F)/D	N/A	1.6	3.4	3.2	4.4	3.0	2.8	2.7
Class A Post Maintenance ICR									
	Historic: (B-G+F)/D	N/A	1.0	1.2					

CCD (Current Cost Depreciation) and IRC (Infrastructure Renewals Charge) have been removed as regulatory building blocks from the PR14 regulatory period. As a consequence, the values for this input into interest cover ratios is zero for these years.

Additional interest cover ratios have been introduced (following page) that maintain consistency of ratio performance with previous periods.

Further explanation of this change can be found on page 9 of this report.

* AMP8 excludes G&Cs from appointed income

Interest Cover Ratios - New (Post PR14) format

		Trigger	Default	31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2027 £m	31 Mar 2028 £m	31 Mar 2029 £m	31 Mar 2030 £m
A	Net Appointed Income (1+3+6)			308.6	585.6	784.9	845.6	953.1	1085.4
B	Net Total Income (1+2+3+4+6)			311.3	587.5	786.8	847.6	955.2	1087.5
C	Depreciation of the RCV:								
	Depreciation (CCD & IRC)			0.0	0.0	0.0	0.0	0.0	0.0
	RCV run down			365.1	351.5	398.3	453.3	509.1	558.4
D	Class A Debt interest (7)			97.5	192.0	185.6	290.3	347.9	411.5
E	Senior Debt interest (8)			97.5	192.0	185.6	290.3	347.9	411.5
F	Period end VAT debtor			22.5	28.7	33.1	31.4	27.3	24.8
G	Capital Maintenance (MNI & IRE)			219.4					
Class A Adjusted ICR									
	Historic: (B-C+F)/D Projected: (A-C+F)/D	1.3	N/A	-0.3	1.4	2.3	1.5	1.4	1.3
Class A Average ICR		1.4	N/A	-0.3	1.7	1.7	1.4	1.3	1.3
Senior Adjusted ICR									
	Historic: (B-C+F)/E Projected: (A-C+F)/E	1.1	N/A	-0.3	1.4	2.3	1.5	1.4	1.3
Senior Average Adjusted ICR		1.2	N/A	-0.3	1.7	1.7	1.4	1.3	1.3
Class A ICR									
	Historic: (B+F)/D Projected: (A+F)/D	N/A	1.6	3.4	3.2	4.4	3.0	2.8	2.7
Class A Post Maintenance ICR									
	Historic: (B-G+F)/D	N/A	1.0	1.2					

These new interest cover ratios include the regulatory value of RCV run down in place of CCD & IRC .

* AMP8 excludes G&Cs from appointed income

Comparison of FD PAYG funding ('fast money') to actual operating costs

PR14 & PR19 Final Determinations:		**AMP 6 Period to 2020**	**AMP 7 Period to 2025**	
Totex funding	Real £m	2,639.4	3,371.9	Wholesale operating costs and capital expenditure for the regulatory period
Totex funding	Outturn £m	2,957.0	3,929.1	(excluding pension deficit contributions outside of the Totex assessment)
Fast money	Outturn £m	1,403.4	1,648.4	Wholesale Totex recovered via revenues plus Retail opex
Slow money	Outturn £m	1,553.7	2,280.7	Wholesale Totex added to the RCV
Retail costs	FD £m	294.9	261.6	Costs for the Retail price control per Final Determination
Total		3,251.9	4,190.7	
Total Appointed expenditure (treating Retail as Fast money)				
Fast money		52.2%	45.6%	
Slow money		47.8%	54.4%	

Actual costs		**AMP 6 Period to 2020**	**AMP 7 Period to 2025**	
Operating costs per accounts	Outturn £m	1,632.9	2,478.7	Wholesale and retail operating costs
Capital expenditure per accounts	Outturn £m	1,733.4	3,352.7	
Total Appointed expenditure	Outturn £m	3,366.3	5,831.4	
Operating costs / Fast money		48.5%	42.5%	
Capital expenditure / Slow money		51.5%	57.5%	

Variance between determined fast/slow money to actual costs

Operating costs / Fast money		3.7%	3.1%
Capital expenditure / Slow money		-3.7%	-3.1%

Change to the presentation of interest received in the Annual Report

Net interest received on financial derivatives is no longer presented as net interest received in the income statement and is now included within the annual movement in derivative fair value. This change has taken effect from the 2022 Annual Report and the 2021 comparative values have been restated to be consistent with 2022.

The value of net interest received on financial derivatives, and included with Class A debt interest, is illustrated in the table below

	2025 £m	2026 £m	2027 £m	2028 £m	2029 £m	2030 £m
Class A net interest received on financial derivatives	104.0	81.0	64.5	61.4	35.1	22.1

Regulatory Asset Ratios

		Lock-up	Trigger	Default	31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2027 £m	31 Mar 2028 £m	31 Mar 2029 £m	31 Mar 2030* £m
G	Class A Net Indebtedness (10)				5,514.6	5,645.0	6,485.1	7,567.3	8,507.2	9,192.2
H	Senior Net Indebtedness (11)				5,514.6	5,645.0	6,485.1	7,567.3	8,507.2	9,192.2
I	RCV				7,449.7	8,315.9	9,553.3	10,772.2	12,071.0	13,121.9
Class A RAR										
	Historic / Projected: G/I		0.750	0.950	0.740	0.679	0.679	0.702	0.705	0.701
Senior RAR										
	Historic / Projected: H/I	0.850	0.900	0.950	0.740	0.679	0.679	0.702	0.705	0.701
Control of Repayments (maturity buckets)										
Percentage of refinancing - consecutive two years: no more than:				20%		6.4%	13.2%	7.1%	6.5%	5.8%
Percentage of refinancing - within a regulatory period: no more than:				40%		<<<<<<<<<<<<<<<<<<		17.9%	>>>>>>>>>>>>>>>	

Note: swap accretion payments have been included in this test
* 2030 RCV includes an estimate of Midnight Adjustment

Declaration

We confirm that each of the above Ratios has been calculated in respect of each of the relevant periods for which it is required under the Common Terms Agreement and have now breached the Trigger Event Ratio Levels but has not caused Paragraph 20 (Ratios) of Part 2 (Event of Default (SWS and the Issuer)) of Schedule 7 of the Common Terms Agreement to be breached.

We confirm that the Annual Finance Charge is £ 192.0 million for 2025-26 equating to a Monthly Payment Amount after interest received for this £ 16.00 million

We also confirm that a Trigger Event is outstanding, but no Event of Default, Potential Event of Default or Potential Trigger Event is outstanding and that SWS's insurances are being maintained in accordance with the Common Terms Agreement.

Stuart Ledger
Chief Financial Officer
For and on behalf of
Southern Water Services Ltd

Stuart Ledger
For and on behalf of
SW (Finance) I plc
SW (Finance) II Ltd

Richard Manning
For and on behalf of
Southern Water Services Ltd

James Gillard
For and on behalf of
SW (Finance) I plc
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